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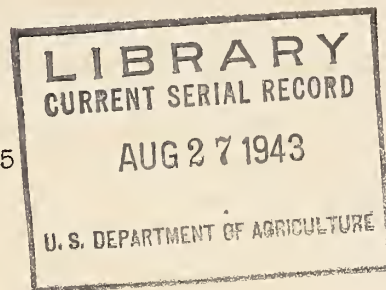
UNITED STATES DEPARTMENT OF AGRICULTURE
Food Distribution Administration
Washington 25, D. C.

February 1943

C H E E S E

Food Distribution Order No. 15

Questions and Answers



This statement prepared for general distribution is intended to supply the answers to many of the questions raised by cheese manufacturers, assemblers and the public generally. For additional information write to Food Distribution Administration, Room 2114 - 5 So. Wabash Ave., Chicago, Illinois, or to one of the other regional offices located at Atlanta, Georgia; Dallas, Texas; Denver, Colorado; Des Moines, Iowa; New York, New York; and San Francisco, California.

A survey of prospective 1943 cheese production, in conjunction with direct war needs, revealed that 50 percent of production of American Cheddar cheese must be set aside for war purposes. To obtain this quantity of cheese as equitably as possible and with minimum disturbance to the trade, the Secretary of Agriculture issued Food Distribution Order No. 15 requiring that all manufacturers who have produced more than 8,000 pounds of American Cheddar cheese in any calendar month since January, 1942 must set aside and hold for delivery to designated agencies at least 50 percent of their production beginning February 15, 1943.

1. Q - How much cheese of all types will be produced in 1943?

A - The present estimate of production for 1943 is approximately 975,000,000 pounds of all types of cheese as compared with 1,118,000,000 pounds in 1942 and 786,000,000 pounds in 1940. The average cheese production for the period 1935-1939 was 669,000,000 pounds.

2. Q - How much cheese of all types will civilians have in 1943 compared with their consumption in previous years?

A - The estimated per capita supply in 1943 will be 80 percent of the 1940 consumption and 85 percent of the 1935-39 average.

3. Q - Who will administer the Order?

A - The Order will be administered by the Dairy and Poultry Branch, Food Distribution Administration, United States Department of Agriculture. Communications regarding the Order should be addressed to Mr. Frank E. Blood, Food Distribution Administration, 5 South Wabash Avenue, Room 2114, Chicago, Illinois.

4. Q - What kind of cheese is to be set aside under the Order?

A - American Cheddar cheese (excluding washed curd and colby type) which represents about 80 percent of all cheese produced and which is the kind best adapted to general use by our military forces and our Allies' armies. The Food and Drug Administration definition of Cheddar cheese referred to in Food Distribution Order No. 15 is given in a supplement attached hereto. The other 20 percent of our cheese production consists of many special types of cheeses.

5. Q - What is U. S. No. 1 and No. 2 quality Cheddar cheese?

A - The grade requirements of U. S. No. 1 and U. S. No. 2 Cheddar cheese are given in a supplement attached hereto.

6. Q - Which factories will have to set aside cheese and in what amounts?

A - All those which made more than 8,000 pounds of Cheddar cheese in any calendar month since the beginning of 1942 must set aside 50 percent of their production from February 15 to 28, and 50 percent of their production in each month thereafter. Also, if any factory has not made more than 8,000 pounds in any month since the beginning of 1942 but it produces more than 8,000 pounds in any future calendar month, it must set aside 50 percent of its production that month and continue to do so each subsequent calendar month regardless of production.

7. Q - Does the Order include farmers who have produced or who will produce more than 8,000 pounds of cheese in any one calendar month since January 1942?

A - Yes.

8. Q - Must 50 percent of each make be "set-aside?"

A - No. The Order only requires 50 percent of the production for the period February 15 to February 28 and each calendar month thereafter.

9. Q - Why were not all manufacturers of Cheddar cheese required to set aside 50 percent of their production instead of exempting those producing 8,000 pounds per month or less?

A - Simplification in administering the Order and problems of assembling very small lots of cheese for sale to Governmental agencies made it advisable to exempt small production. The combined annual production of plants producing not more than 8,000 pounds in the months of seasonally largest production represents a very small proportion of the U.S. total annual production.

10. Q - Why was not a higher figure used?
- A - It was felt that the largest feasible majority of factories should share in supplying Government requirements.
11. Q - Must a firm operating more than one cheese factory set aside 50 percent of the production of each factory?
- A - No. The firm may set aside a volume of cheese each month equivalent to 50 percent of the combined output of all its factories without regard to where it is produced.
12. Q - May cheese manufacturers refrain from setting aside the required amount of American Cheddar cheese during months of low production provided they make it up during flush periods?
- A - No. Cheese supplies are inadequate to meet essential military and lend-lease needs at the present time. Therefore, it is impossible to reduce the amount to be set-aside now, even though the "set-aside" cheese would be made up in later months.
13. Q - May manufacturers in deficit areas be relieved from setting aside the required amounts?
- A - No. It isn't feasible administratively. Furthermore, demands are in excess of supply. In order that all consumers may have an equitable share it is necessary that the 50 percent of production required under the Order be set aside in all areas.
14. Q - May cheese factories and authorized assemblers sell more than the required amounts to Government agencies, and if so, will it apply against subsequent quotas?
- A - They may sell more than the minimum. For the time being, at least, it will not apply against future months' quotas. Consideration might be given in the future to permit such practice, in which event a public announcement will be made.
15. Q - If a manufacturer has produced only for local retail sales, does the order require him to set aside 50 percent of his production?
- A - Yes, if he has produced more than 8,000 pounds during any calendar month since January 1942.
16. Q - What grades of cheese must be set aside under the Order?
- A - At least 80 percent of the Cheddar cheese set aside pursuant to the provisions of the Order shall be No. 1 quality or better, and the remainder shall be not less than No. 2 quality. If all the Cheddar cheese of No. 1 quality or better, owned by a person required to "set-aside" Cheddar cheese is less than 80 percent of the total quantity required to be set aside, all of the No. 1 quality or better manufactured must

be set aside, and the remainder may be No. 2 quality. The definitions of No. 1 and No. 2 cheese are given in a supplement attached hereto.

17. Q - Is the "set-aside" cheese subject to grading?

A - Cheese purchased by the Food Distribution Administration must be supported by grading certificates issued by Food Distribution Administration inspection service. Other designated agencies will purchase cheese in accordance with their own grading requirements.

18. Q - If "set-aside" cheese grades lower than No. 2, what will happen to the cheese set aside?

A - It will be released by applying to the Administrator in writing and receiving his written release.

19. Q - Will D.P.M.A. pay inspection fees and charges incidental to grading, weighing, and determining moisture content of cheese purchased by it?

A - The vendor will pay for such service and the Federal Surplus Commodities Corporation will reimburse the vendor for such fees and charges.

20. Q - What agencies may purchase "set-aside" cheese?

A - The Army, Navy, Marine Corps, Coast Guard, Food Distribution Administration (including but not being limited to the Federal Surplus Commodities Corporation), and any other agency designated by the Administrator of the Order. Any such designation will be made known.

21. Q - Who will purchase "set-aside" cheese for the Food Distribution Administration?

A - Until further notice the "set-aside" cheese will be purchased by the Dairy Products Marketing Association, Inc. for the Food Distribution Administration.

22. Q - How much of the "set-aside" cheese will the Dairy Products Marketing Association buy?

A - More than two-thirds of the total quantity of "set-aside" cheese including all that is not sold to other designated agencies.

23. Q - Is there any possibility that any "set-aside" cheese may lack a buyer among the designated agencies?

A - No. The Food Distribution Administration announces that it stands ready to buy, through the Dairy Products Marketing Association, all "set-aside" cheese that is not sold to other designated agencies. This announcement constitutes a declaration of its intention to purchase and, in accordance with the Order, set-aside cheese must be held until purchased by the Dairy Products Marketing Association or until it is specifically released by the Administrator in writing.

24. Q - May "set-aside" cheese be sold in whole or in part to any designated buyer?
- A - Yes. However, it may be necessary in the future to allocate cheese among the designated agencies.
25. Q - Must individual cheese factories sell direct to designated agencies?
- A - No. They may either sell directly or may deliver their "set-aside" cheese to an authorized assembler, who will sell an equivalent quantity to the designated agencies.
26. Q - How may one become an authorized assembler?
- A - Any person or firm who has the facilities for receiving, paraffining, storing, and shipping American Cheddar cheese in carload lots and who ordinarily engages in this business may make application on a prescribed form. Approval on this form by the Administrator or Deputy Administrator of the Order will constitute certification as an authorized assembler.
27. Q - What is the difference between an authorized receiver, described in Food Distribution Order No. 2, Butter, and an authorized assembler referred to in Food Distribution Order No. 15?
- A - Many of their functions are the same as both receive, store, and ship. In addition, the assembler must be in a position to paraffin cheese.
28. Q - If a company having several subsidiaries receives cheese in more than one location and through more than one subsidiary, must letters of authorization be obtained by each subsidiary who desires to become authorized assemblers, or will one authorization to the parent company be sufficient authorization?
- A - If all such set aside cheese is to be sold in the name of the parent company, one letter will be sufficient. If subsidiaries are to handle and sell set aside cheese in their own names, separate authorizations must be obtained by each.
29. Q - How does this Order affect bona fide sales agencies and authorized assemblers?
- A - Bona fide sales agencies and authorized assemblers may act for all their member units and shippers and set aside an amount equivalent to at least 50 percent of receipts.
30. Q - Must a producer ship to only one authorized assembler?
- A - No. A producer may ship to as many authorized assemblers as he wishes.
31. Q - If a manufacturer doesn't have facilities or funds for storing the "set-aside" cheese until purchased by designated agencies, what disposition should be made of it?

A - The manufacturer can make arrangements to have an authorized assembler accept the "set-aside" cheese for handling.

32. Q - Must assemblers sell to the Government the "set-aside" cheese supplied by each cheese factory?

A - No. The authorized assembler must sell its equivalent.

33. Q - What fees are provided for authorized assemblers for their services?

A - OPA Regulatory Order MPR-289, provides an allowance of 1 cent per pound for the service of assembling cheese. That section of the OPA order dealing with assembling costs is quoted in a supplement attached hereto.

34. Q - Who pays storage charges which accrue on set-aside cheese?

A - On cheese sold to DPMA, the seller must pay for storage until DPMA takes title, from which time DPMA will pay the storage charges.

35. Q - Will "set-aside" cheese have to be packed in uniform packages?

A - No. The order does not prescribe the container in which cheese must be packed. However, DPMA will pay allowances for export packages.

36. Q - How does FDA prefer its "set-aside" American Cheddar cheese to be packaged?

A - Cheese container specifications may be obtained by writing to the Dairy Products Marketing Association, 110 North Franklin Street, Chicago, Illinois.

37. Q - What styles and moisture content does the Food Distribution Administration wish?

A - Large styles and low moisture cheese are preferred for export shipment.

38. Q - What price will be paid by the Government agencies for the "set-aside" cheese?

A - Applicable OPA ceiling price at time of delivery.

39. Q - Do shipping instructions follow closely after acceptance of an offer by the DPMA?

A - Yes. The DPMA will guarantee shipping instructions within a prescribed number of days from the date on which the vendor indicates the cheese will be ready for delivery.

40. Q - How long must the "set-aside" cheese be held?

A - Until title is taken by a designated buying agency and subsequently shipped or until it is released in writing by the Administrator of the order.

41. Q - Must operators affected by the Order submit production reports?
- A - Yes. This also includes all cheese factories regardless of how much they produce.
42. Q - If a cheese factory's full output is handled by an authorized assembler, must both parties submit monthly reports?
- A - Yes.
43. Q - Is there opportunity for seeking relief from the Order?
- A - Yes. Any person affected by the Order who considers that its compliance would work an exceptional and unreasonable hardship on him may apply in writing for relief to the Administrator, setting forth all pertinent facts and reasons for relief. However, it was recognized that the Order would reduce the supplies of cheese available for local and national civilian sales. Such reduction cannot be considered a basis for relief.
44. Q - If the Government cannot acquire sufficient American Cheddar cheese, will it amend FDA Order No. 15 so that a larger percentage of production must be set aside?
- A - Yes. If the Government requirements cannot be filled by the 50 percent "set-aside" quantity, an amendment probably will be issued raising the percent required.
45. Q - Can American Cheddar cheese, aged two months or longer sold as natural cheese to designated agencies pursuant to OPA amendment number 3 of Price Regulation No. 289, be included as "set-aside" cheese?
- A - No. The set-aside order applies to currently made cheese. The OPA amendment to MPR 289 was issued to assist Government agencies to purchase a portion of the aged cheese stocks in storage to help meet urgent immediate needs.

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SUPPLEMENT

1. Q - What is the definition of Cheddar cheese as stated by the Food and Drug Administration?

A - The Food and Drug Administration definition for American Cheddar cheese reads as follows:

"Cheddar cheese, cheese, identity. (a) Cheddar cheese, cheese, is the food prepared from milk by the procedure set forth in subsection (b). It contains not more than 39 percent of moisture, and its solids contain not less than 50 percent of milk fat, as determined by the methods prescribed in subsection (c).

"(b) Milk, which may be pasteurized and which may be warmed, is subjected to the action of harmless lactic-acid-producing bacteria; present in such milk or added thereto. Harmless artificial coloring may be added. Sufficient rennet is added to set the milk to a semi-solid mass. The mass is so cut, as to promote the separation of whey and curd. The whey is drained off and the curd is matted into a cohesive mass. The mass is cut into slabs which are so piled and handled as to promote the drainage of whey and the development of acidity. The slabs are then cut into pieces, which must be rinsed by sprinkling or pouring water over them with free and continuous drainage; but the duration of such rinsing is so limited that only the whey on the surface of such pieces is removed. The curd is salted, stirred, further drained, and pressed into forms.

"(c) Determine moisture by the method prescribed on page 291 under 'Moisture -- Official', and milk fat by the method prescribed on page 291 under 'Fat -- Official', of 'Official and Tentative Methods of Analysis of the Association of Official Agricultural Chemists', Fourth Edition, 1935. Subtract the percent of moisture found from 100; divide the remainder into the percent of milk fat found; the quotient multiplied by 100 shall be considered to be the percent of milk fat contained in the solids.

"(d) For the purposes of this section --

"(1) The word 'milk' means cows' milk.

"(2) Such milk may be adjusted by the separation of part of the fat therefrom or the addition thereto of cream or skim milk."

2. Q - What is U. S. No. 1 and No. 2 quality Cheddar cheese?

A - Quality Requirements for U.S. No. 1 Cheddar cheese: U. S. No. 1 Cheddar cheese, if aged, shall have a fairly pleasing flavor but if mild, may be flat or somewhat lacking in flavor. It may have slightly defective flavors, such as slightly feed, very slightly bitter, very slightly utensil, very slightly acidy, or very slightly weedy. The body and

texture shall be fairly firm and may be close or medium close. It shall be fairly firm and slightly translucent. It may show scattered sweet holes or mechanical openings, but must be practically free from gas holes. It may show very slight defects in body, such as very slightly weak, very slightly curdy, very slightly pasty, or very slightly corky. The color may be either "uncolored" or medium colored, and shall be fairly uniform but not dull or faded. It may be slightly wavy or seamy. The surface condition shall be fairly uniform, dry, properly bandaged, properly paraffined, and practically free from surface mold and practically free from mold under the paraffine and free from soft or rot spots in the rind.

Quality Requirements for U.S. No. 2 American Cheddar cheese:

U.S. No. 2 American Cheddar cheese may have a somewhat objectionable flavor and may be lacking in desirable cheese flavor. It may possess such objectionable flavors as slightly bitter, slightly utensil, slightly acidy, slightly weedy, slightly yeasty, slightly fruity, slightly barny and slightly old milk. The body and texture may be close or open and may be slightly weak, slightly pasty, slightly crumbly, or slightly corky, and may show numerous sweet holes, scattered gas holes, and scattered mechanical openings. The color may be uneven and somewhat defective such as slightly acid-cut, seamy, mottled, wavy, and dull or faded. It may be uncolored, medium, or high colored. The surface condition may be slightly irregular in shape, slightly defective in bandaging, and paraffining, reasonably free from surface mold, and shall be free from interior mold and soft or rot spots in the rind.

3. Q - What fees are provided for authorized assemblers for their services?

A - OPA price Order MPR-289 provides for assembling as follows: Wherever assembling operations are performed, one cent per pound may be added to the maximum prices in subparagraphs (1) and (2), or to the maximum prices set forth in subparagraph (5) (if twins or cheddars are being sold for processing or to the United States Government, or any agency thereof), for each pound of Cheddar cheese so assembled. For the purposes of this subparagraph, no person shall be entitled to the additional cent per pound for assembling unless the cheese for which the assembling cost is claimed has been graded, paraffined, and weighed. This allowance of one cent per pound shall also include transportation costs, if any, from the cheese factory to the assembling plant, whether the assembling plant is located inside or outside the State of Wisconsin.

"(1) In the State of Wisconsin. The maximum price for Cheddar cheese delivered at all places in the State of Wisconsin regardless of the point of origin, shall be set forth in Table A below, except as provided in subparagraph (5) below for "twins" and "Cheddars" of 37.5% moisture content or less when sold for processing or to the United States Government or any agency thereof.

Table A

Medium price (cents per pound)	Styles	Approximate weight (pounds)
23-1/4	Cheddar	70
23-1/4	Twins	70
23-1/2	Flats	35
23-3/4	Double daisies	44
23-3/4	Triple daisies	66
24	Single daisies	22
24	Longhorns	12
24	Young Americas	12
24-1/4	Square prints	10
24-1/4	Natural Loaf	5
24-1/4	Picnics and midgets	12

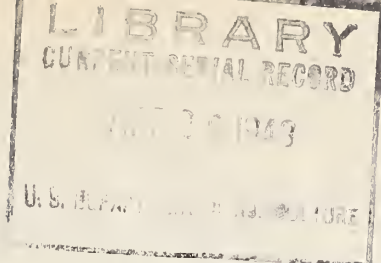
"(2) Outside the State of Wisconsin. The maximum prices for Cheddar cheese delivered at all places outside the State of Wisconsin, regardless of the point of origin, shall be the prices listed in Table A above plus the transportation charges. The transportation charges shall be the lowest published railroad carlot freight rate per pound gross weight from Plymouth, Wisconsin to that place times 1.15. Calculation of transportation charges on a cents per pound basis shall be carried to the second decimal point.

"(5) Moisture content for Twins and Cheddars when sold for processing or to Government agencies. Whenever "Twin" and "Cheddar" styles of Cheddar cheese are sold for processing or to the United States Government, or any agency thereof, and the moisture content of such cheese is 37-1/2% or less, the maximum price shall be as set forth in Table B below."

Table B

Where moisture content is --	Maximum price (cents per pound)
33% or less	25.54
Over 33%, but not over 33-1/2%	25.36
Over 33-1/2%, but not over 34%	25.16
Over 34%, but not over 34-1/2%	24.97
Over 34-1/2%, but not over 35%	24.77
Over 35%, but not over 35-1/2%	24.58
Over 35-1/2%, but not over 36%	24.39
Over 36%, but not over 36-1/2%	24.20
Over 36-1/2%, but not over 37%	24.01
Over 37%, but not over 37-1/2%	23.82

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FOOD DISTRIBUTION ADMINISTRATION UNITED STATES DEPARTMENT OF AGRICULTURE

[Food Distribution Order 15]

PART 1401—DAIRY PRODUCTS

SETTING ASIDE OF CHEDDAR CHEESE

Pursuant to the authority vested in me by Executive Order No. 9280, dated December 5, 1942, and to assure an adequate supply and efficient distribution of dairy products to meet war and essential civilian needs, *It is hereby ordered*, As follows:

§ 1401.1 Cheddar cheese, required to be set aside—(a) *Definitions*. When used in this order, unless otherwise distinctly expressed or manifestly incompatible with the intent thereof:

(1) The term "Cheddar cheese", frequently called "American cheese" or "American Cheddar cheese", means Cheddar cheese (produced in the United States) as defined in the regulations, issued by the Food and Drug Administration, published in 6 F.R. p. 195, *et seq.*, 21 CFR § 19.500.

(2) The term "person" means any individual, partnership, corporation, association, or other business entity.

(3) The term "cheese assembler" means any person who has facilities which enable him to receive, paraffin, store, and ship Cheddar cheese in carload lots and who customarily ships Cheddar cheese in carload lots.

(4) The term "authorized cheese assembler" means any assembler of Cheddar cheese who holds a letter of authority, issued by the Director, to receive Cheddar cheese set aside pursuant to the provisions hereof.

(5) The term "Director" means the Director of Food Distribution, United States Department of Agriculture, or any employee of the United States Department of Agriculture designated by such Director.

(b) *Restrictions on manufacturers or assemblers of Cheddar cheese*. (1) Every person who has produced more than 8,000 pounds of Cheddar cheese in any calendar month during the period from January 1942 to January 1943, both months inclusive, shall set aside and hold for delivery to the Food Distribution Administration (including, but not being limited to, the Federal Surplus Commodities Corporation), Army, Navy, Marine Corps, Coast Guard, or any other agency designated by the Director, at least 50 percent of all Cheddar cheese

produced by such person during the period from February 15 to February 28, 1943, both dates inclusive, and during each calendar month thereafter, regardless of the quantity produced by such person after January 1943; and every person who has not produced more than 8,000 pounds of Cheddar cheese in any calendar month during the period from January 1942 to January 1943, both months inclusive, but who produces more than 8,000 pounds of Cheddar cheese during February 1943 or any subsequent calendar month shall thereafter set aside, each calendar month, and hold for delivery to such agencies at least 50 percent of Cheddar cheese produced by such person, regardless of the quantity produced by such person after the month in which the production was more than 8,000 pounds of Cheddar cheese.

(2) Notwithstanding the restrictions of (b) (1) hereof, any person required by the provisions of said (b) (1) to set aside Cheddar cheese may, at his option, sell or deliver all or part of the Cheddar cheese, set aside pursuant to the provisions hereof, to any authorized cheese assembler who agrees to set aside, out of the Cheddar cheese in his possession or control, a quantity of Cheddar cheese equal to the quantity of such set aside Cheddar cheese received by him, and such authorized cheese assembler shall so set aside such quantity of Cheddar cheese. Each person delivering or shipping Cheddar cheese to an authorized cheese assembler shall deliver to such authorized cheese assembler a certificate, in duplicate, in substantially the following language (with the appropriate information inserted in the blank spaces), and the receipt of such Cheddar cheese shall be acknowledged by the authorized cheese assembler in the appropriate manner provided in said certificate:

This is to certify that the ----- pounds of Cheddar cheese shipped or delivered on ----- pounds are Cheddar cheese set aside pursuant to the provisions of Food Distribution Order No. -----, issued by the Secretary of Agriculture of the United States on -----, 19-----; and such amount of set aside Cheddar cheese is required to be set aside by you pursuant to the provisions of said order. The balance, ----- pounds, is Cheddar cheese free from the restrictions of said order.

(Signature of Manufacturer)

This will acknowledge receipt of the above-indicated quantity of Cheddar cheese set aside pursuant to said order.

(Signature of Authorized Cheese Assembler)

The authorized cheese assembler, after receiving Cheddar cheese as aforesaid, shall return one copy of the aforesaid certificate, after being duly acknowledged as aforesaid, to the person who delivered or shipped the aforesaid cheese; and such authorized cheese assembler shall retain the original of said certificate for at least one year after the date of receipt thereof.

(3) All Cheddar cheese set aside pursuant to the provisions hereof shall be stored under the same conditions of storage customarily observed to maintain the quality of Cheddar cheese. At least 80 percent of the Cheddar cheese thus set aside pursuant to the provisions hereof shall be No. 1 quality or better, as defined in the U. S. Standards for Cheese issued by the United States Department of Agriculture, Office of the Secretary, Circular 157, entitled "Hand Book for Use in the Inspection of Whole Milk American Cheese", January 1923, hereinafter referred to as the "U. S. Standards", and the remainder shall be not less than No. 2 quality, as defined in said U. S. Standards: *Provided*, That if all of the Cheddar cheese of No. 1 quality or better, owned or in the possession of any person required to set aside Cheddar cheese pursuant hereto, is less than 80 percent of the total quantity thus set aside by the respective person, the quantity thus set aside shall include all of the No. 1 quality or better manufactured or received by such person, and the remainder may be No. 2 quality.

(4) Any cheese assembler who desires to become an authorized cheese assembler shall file with the Director an application, upon a form approved by the Director, setting forth the information requested in said form of application. Thereupon, the Director shall consider such application and issue a letter of authority unless, in the opinion of the Director, the issuance of such letter of authority will not tend to effectuate the purposes hereof. Any letter of authority may be revoked at any time by the Director. No person shall represent himself to be an authorized cheese assembler unless he holds a letter of authority duly issued by the Director pursuant to the provisions hereof.

suant to the provisions hereof. No person other than an authorized cheese assembler shall receive or, after receipt, deal in Cheddar cheese set aside pursuant to the provisions hereof.

(5) If no agency specified in or pursuant to the provisions in (b) (1) hereof has contracted for, or declared its intention or desire to contract for, any portion of set aside Cheddar cheese, within 30 days after the end of the month in which such set aside Cheddar cheese was required to be set aside by the manufacturer thereof, such portion of the Cheddar cheese thus set aside is released from the restrictions of the provisions in (b) (1) and (2) hereof. Quantities set aside pursuant to the provisions hereof may also be released upon notice to that effect from the Director.

(6) The restrictions hereof shall be observed without regard to the rights of creditors, existing contracts or payments made. This Order shall not, however, be construed as reducing the amount of Cheddar cheese which any person is required to offer or deliver, under existing contracts or contracts subsequently entered into, to any agency specified in or pursuant to the provisions in (b) (1) hereof.

(c) *Records and reports.* Each person subject to this order shall maintain such records, for such periods of time, and shall execute and file such reports and submit such information as the Director may from time to time request

or direct, and within such time as may be prescribed by the Director.

(d) *Audit and inspection.* Every person subject to this order shall permit inspections of his stocks of cheese, including but not being limited to Cheddar cheese, and premises used for the manufacture, assembly, or storage of cheese, including but not being limited to Cheddar cheese, and of his books, records, and accounts by the Director or any person designated by him.

(e) *Territorial scope.* Any manufacturer of Cheddar cheese or authorized assembler doing business in one or more of the forty-eight States or the District of Columbia is subject to the provisions hereof, but the provisions hereof shall not apply to any person doing business exclusively in any Territory or Possession of the United States.

(f) *Petition for relief from hardship.* Any person affected by this order who considers that compliance herewith would work an exceptional and unreasonable hardship on him may apply in writing for relief to the Director, setting forth, in said petition, all pertinent facts and the reasons for such petition being approved. The Director may thereupon take such action as he deems appropriate, and such decision by the Director shall be final.

(g) *Violations.* Any person who willfully violates any provision of this order, or who, by any act or omission, falsifies records to be kept or information to be

furnished pursuant to this order, or willfully conceals a material fact concerning a matter, in connection with this order, within the jurisdiction of any department or agency of the United States may be prohibited from receiving or making further deliveries of any material subject to allocation; and such further action may be taken against such person as the Director deems appropriate, including recommendations for prosecution under section 35a of the Criminal Code (18 U.S.C. 1940 ed. 80), under paragraph 5 of section 301 of Title III of the Second War Powers Act, and under any and all other applicable laws.

(h) *Communications to Department of Agriculture.* All reports required to be filed hereunder and all communications concerning this Order shall, unless otherwise directed, be addressed to: Director of Food Distribution; United States Department of Agriculture, Washington, D. C. Ref. FD-15.

(i) *Delegation of authority.* The Director is hereby designated to administer the provisions hereof.

(j) *Effective date.* This order shall be effective as of 12:01 A. M., E. W. T., February 15, 1943.

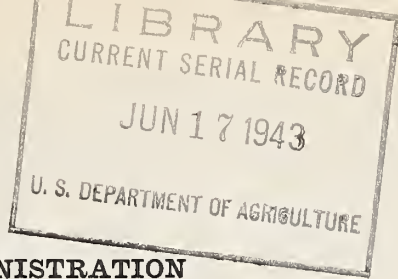
(E.O. 9280, 7 F.R. 10179)

Issued this 6th day of February 1943.

[SEAL]

CLAUDE R. WICKARD,
Secretary of Agriculture.

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WAR FOOD ADMINISTRATION

[FDO 15, Amendment 1]

PART 1401—DAIRY PRODUCTS

REQUIREMENTS FOR MANUFACTURERS AND ASSEMBLERS TO SET ASIDE CHEDDAR CHEESE

Pursuant to the authority vested in me by Executive Order No. 9280, dated December 5, 1942, and Executive Order No. 9322 dated March 26, 1943, as amended by Executive Order No. 9334, dated April 19, 1943, and in order to assure an adequate supply and efficient distribution of Cheddar cheese to meet war and essential civilian needs: *It is hereby ordered*, That Food Distribution Order No. 15 (8 F.R. 1704) issued by the Secretary of Agriculture of the United States on February 6, 1943, be, and the same is hereby, amended so as to read as follows:

§ 1401.1 Cheddar cheese, required to be set aside—(a) *Definitions*. When used in this order, unless otherwise distinctly expressed or manifestly incompatible with the intent thereof:

(1) The term "Cheddar cheese", frequently called "American cheese" or "American Cheddar cheese", means Cheddar cheese (produced in the United States) as defined in the regulations, issued by the Food and Drug Administration, published in 6 F.R. p. 195 et seq., 21 CFR § 19.500.

(2) The term "person" means any individual, partnership, corporation, association, or other business entity.

(3) The term "authorized cheese assembler" means any person who has facilities, or access to facilities, which enable him to receive, paraffin, store, and ship Cheddar cheese in carload lots, and who customarily ships Cheddar cheese in carload lots, and who holds a letter of authority, issued by the Director, to receive Cheddar cheese set aside pursuant to the provisions hereof.

(4) The term "set-aside" means set aside for sale and delivery to any of the following designated agencies or any other agency designated by the Director: (i) Food Distribution Administration (including but not limited to the Federal Surplus Commodities Corporation; (ii) Dairy Products Marketing Association, Inc.; (iii) United States Army; (iv) United States Navy; (v) United States Marine Corps; (vi) United States Coast Guard; (vii) War Shipping Administration; and (viii) Veterans Administration

(5) The terms "U. S. No. 1" and "U. S. No. 2" mean Cheddar cheese of "U. S. No. 1" (U. S. Grade A), and "U. S. No. 2" (U. S. Grade B), respectively, as defined in "Tentative U. S. standards for grades

of American Cheddar cheese" issued by the Food Distribution Administration effective as of May 1, 1943. Whenever new standards are issued by the Food Distribution Administration or promulgated by the Secretary of Agriculture, "U. S. No. 1" and "U. S. No. 2" shall mean "U. S. No. 1" (U. S. Grade A) and "U. S. No. 2" (U. S. Grade B), respectively, as specified in such new standards.

(6) The term "Director" means the Director of Food Distribution, United States Department of Agriculture, or any employee of the United States Department of Agriculture designated by such Director.

(b) *Restrictions on manufacturers or assemblers of Cheddar cheese*. (1) Every person who has produced more than 8,000 pounds of Cheddar cheese in any calendar month from January 1942 to April 1943, inclusive, shall set aside in May 1943, and each subsequent calendar month, a quantity of Cheddar cheese equal to such percentage as the Director may order of all Cheddar cheese produced by such person in May 1943, and each subsequent calendar month, regardless of the quantity produced by him during and after May 1943; and every person who has not produced more than 8,000 pounds of Cheddar cheese in any calendar month from January 1942 to April 1943, inclusive, but who produces more than 8,000 pounds of Cheddar cheese in May 1943, or any subsequent calendar month, shall, thereafter, each calendar month, set aside a quantity of Cheddar cheese equal to such percentage as the Director may order of all Cheddar cheese produced by such person in each such calendar month, regardless of the quantity produced by him in each such calendar month. In the event of a change in ownership with respect to a cheese factory, the production record of the former owner with respect to such cheese factory shall be the basis for reporting and setting aside Cheddar cheese by the new owner, and the purchaser of the cheese factory shall so report and set aside Cheddar cheese, if the person from whom he purchased the cheese factory was obligated to report and set aside Cheddar cheese.

(2) Notwithstanding the restrictions of paragraph b (1) hereof, any person required by the provisions of said paragraph b (1) to set aside Cheddar cheese may, at his option, sell or deliver all or part of the Cheddar cheese set aside, pursuant to the provisions hereof, to any authorized cheese assembler who agrees to set aside, out of the Cheddar cheese in his possession or control, a quantity

of Cheddar cheese equal to the quantity of such set-aside Cheddar cheese received by him, and such authorized cheese assembler shall so set aside such quantity of Cheddar cheese. An authorized cheese assembler shall not, however, sell or deliver set-aside Cheddar cheese to another authorized cheese assembler unless the authorized cheese assembler to whom such Cheddar cheese is to be delivered, has applied to the Director and received from him specific authorization to receive such Cheddar cheese. Each person delivering or shipping Cheddar cheese to an authorized cheese assembler shall deliver to such authorized cheese assembler a certificate, in duplicate, in substantially the following language (with the appropriate information inserted in the blank spaces):

This is to certify that of the ----- pounds of Cheddar cheese shipped or delivered on -----, ----- pounds are Cheddar cheese set aside pursuant to the provisions of Food Distribution Order No. 15, issued by the Secretary of Agriculture of the United States on February 6, 1943, as amended, and such amount of set-aside Cheddar cheese is required to be set aside by you pursuant to the provisions of said order. The balance, ----- pounds, is Cheddar cheese free from the restrictions of said order.

(Signature of manufacturer)

This will acknowledge receipt of the above indicated quantity of Cheddar cheese set aside pursuant to said order.

(Signature of authorized cheese assembler)

The aforesaid certificate shall be signed in duplicate by the authorized assembler who shall return one copy to the manufacturer who delivered or shipped the Cheddar cheese and shall retain the original for one year after the date of receipt thereof.

(3) All Cheddar cheese set aside pursuant to the provisions hereof shall be stored under the same conditions of storage customarily observed to maintain the grade and quality of Cheddar cheese, and shall be packaged and assembled for delivery in accordance with requirements and specifications of the designated agencies purchasing such cheese. At least 80 percent of the Cheddar cheese thus set aside pursuant to the provisions hereof shall be U. S. No. 1 grade or better, and the remainder shall be not less than U. S. No. 2 grade: *Provided, however*, That if the manufacturer shows by grading certificates issued by the Food Distribution Administration that all of the Cheddar cheese of U. S. No. 1 grade or better produced by him

is less than the quantity required to be set aside pursuant hereto, the quantity to be set aside shall include all of the U. S. No. 1 grade or better manufactured or received by such person and the remainder may be U. S. No. 2 grade: *Provided, further*, That if the manufacturer shows by grading certificates issued by the Food Distribution Administration that the total quantity of Cheddar cheese of U. S. No. 2 grade or better produced by him in the month in which it is required to be set aside is less than the quantity of Cheddar cheese required to be set aside in such month, he shall set aside all of the Cheddar cheese of U. S. No. 2 grade or better produced by him in such month and an additional quantity of lower grade Cheddar cheese to fulfill total set-aside requirements of this order. Grades as determined by official inspectors of the Food Distribution Administration shall be final in all cases.

(4) Any person who desires to become an authorized cheese assembler shall file with the Director an application, upon a form approved by the Director, setting forth the information requested in said form of application. Thereupon, the Director shall consider such application and issue a letter of authority if, in the opinion of the Director, the issuance of such a letter of authority will tend to effectuate the purposes hereof. Letters of authority issued by the Director pursuant to Food Distribution Order No. 15 prior to the issuance of this amendment shall constitute authority to act as an authorized cheese assembler under the provisions hereof. Any letter of authority may be revoked at any time by the Director. No person shall represent himself to be an authorized cheese assembler unless he holds a letter of authority duly issued by the Director. No person other than an authorized cheese assembler shall receive or, after receipt, deal in Cheddar cheese set aside pursuant to the provisions hereof.

(5) The Director may release any Cheddar cheese from the restrictions of this order if he determines that no designated agency has contracted for, or declared its intention or desire to contract for, such Cheddar cheese within such period as he may specify, or that such

Cheddar cheese is not required for such agencies. The Director may issue such administrative rulings, regulations, interpretations, and exemptions as he deems necessary to facilitate, expedite, and accomplish the purposes of this order.

(6) The restrictions hereof shall be observed without regard to the rights of creditors, existing contracts or payments made. This order shall not, however, be construed as reducing the amount of Cheddar cheese which any person is required to offer or deliver, under existing contracts or contracts subsequently entered into, to any agency specified in or pursuant to the provisions in paragraph (a) (4) hereof.

(c) *Records and reports.* Each person subject to this order shall maintain such records for at least two years (or for such other periods of time as the Director may designate), and shall execute and file such reports upon such forms and submit such information as the Director may from time to time request or direct, and within such times as he may prescribe, subject to the approval of the Bureau of the Budget, pursuant to the Federal Reports Act of 1942.

(d) *Audit and inspection.* Every person subject to this order shall upon request permit inspections by the Director, at all reasonable times, of his stocks of cheese, including but not being limited to Cheddar cheese, and premises used for the manufacture, assembly, or storage of cheese, including but not being limited to Cheddar cheese, and all of his books, records, and accounts, shall, upon request, be submitted to audit and inspection by the Director.

(e) *Applicability of order.* Any person doing business in one or more of the forty-eight States or the District of Columbia is subject to the provisions hereof, but the provisions hereof shall not apply to any person doing business exclusively in any Territory or Possession of the United States with respect to such business.

(f) *Petition for relief from hardship.* Any person affected by this order who considers that compliance herewith would work an exceptional and unreasonable hardship on him may petition in writing (in triplicate) for relief to the

Director, setting forth all pertinent facts and the nature of the relief sought. The Director may thereupon take such action as he deems appropriate, and such action shall be final.

(g) *Violations.* Any person who willfully violates any provision of this order or who by any act or omission falsifies records to be kept or information to be furnished pursuant to this order, or willfully conceals a material fact concerning a matter within the jurisdiction of any Department or agency of the United States may be prohibited from receiving or making further deliveries of any material subject to allocation; and such further action may be taken against him as the Director deems appropriate, including recommendations for prosecution under section 35a of the Criminal Code (18 U.S.C. 1940 ed. 80), under paragraph 5 of section 301 of Title III of the Second War Powers Act, and under any and all other applicable laws.

(h) *Communications to Department of Agriculture.* All reports required to be filed hereunder and all communications concerning this order shall, unless otherwise directed, be addressed to: Director of Food Distribution, United States Department of Agriculture, Washington, D. C. Ref. FD-15.

(i) *Delegation of authority.* The Director is hereby designated to administer the provisions hereof.

(j) *Bureau of the Budget approval.* The specific record-keeping and reporting requirements of this order have been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

(k) *Effective date.* This order shall take effect May 1, 1943. With respect to any violation of said Food Distribution Order No. 15, prior to the effective time of the provisions of this amendment, said Food Distribution Order No. 15 shall be deemed to be in full force and effect for the purpose of sustaining any proper suit, action, or other proceeding with respect to any such violation or liability.

(E.O. 9280, 7 F.R. 10179; E.O. 9322, 8 F.R. 3807; E.O. 9334, 8 F.R. 5423)

Issued this 30th day of April 1943.

[SEAL] CHESTER C. DAVIS,
War Food Administrator.

Press Release Immediate:
Saturday May 1, 1943.

Moving to avoid possible shortages of civilian supplies of butter and cheese during the low production months next winter, the War Food Administration today changed its set-aside orders on these products to provide for meeting the bulk of Government requirements during the peak production period this spring and summer.

Effective today (May 1), the percentage of production that must be held for Government purchase during May, June and July has been set at 50 percent for butter and 70 percent for Cheddar

cheese. This compares with 30 percent for butter and 50 percent for cheese which has been required to be set aside since February under Food Distribution Orders No. 2 (butter) and No. 15 (cheese). Under today's amendments to these orders, the Director of Food Distribution may announce the set-aside percentages on the two products for periods of several months at a time.

It is expected that the new percentages will be decreased sharply from August to November, as production declines seasonally, so that most of the butter and a large part of the cheese produced during the seasonally low production period this fall and winter will

be available for civilian use exclusively. Thus, the new plan of adjusting quotas to production is not expected to increase or decrease the percentages required to be set aside under the original orders on a yearly basis.

Government agencies will buy all butter and cheese that are required to be set aside during the summer months and will store these purchases to meet winter requirements. This will mean a reduction in government takings of the two products during the low production period next winter. This plan of operating the set-aside and government purchase programs, together with consumer rationing, will assure equitable

sharing of available supplies throughout the year.

The supply of creamery butter for civilians is expected to be 1,300 million pounds, compared with average annual consumption of 1,750 million pounds in recent years. Government requirements for the next 12 months are expected to be approximately 500 million

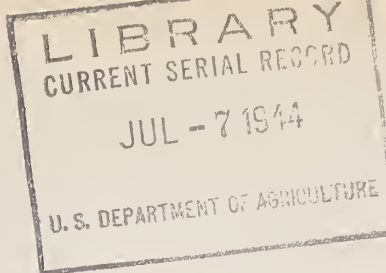
pounds, about $\frac{2}{3}$ of this quantity for United States Armed Forces and $\frac{1}{3}$ for the Armed forces of our Allies.

Civilian supply of Cheddar cheese is expected to be about 420 million pounds compared to 575 million pounds in recent years. In addition all other types of cheese, normally about 200 million pounds a year, will be available to civilians. Government requirements of

Cheddar cheese will be approximately 380 million pounds.

In addition to the change regarding set-aside percentages, the amendments to the Orders provide for several other changes to clarify the provisions and make them more specific in regard to minimum grade, packaging and transfer of set-aside butter and cheese among authorized receivers and assemblers.

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Cop 1



FDO 15

AMDT. 2
FEB. 17, 1944

WAR FOOD ADMINISTRATION

[FDO 15, Amdt. 2]

PART 1401—DAIRY PRODUCTS

CHEDDAR CHEESE AND PROCESS CHEDDAR CHEESE

Food Distribution Order No. 15 (8 F.R. 1704), issued on February 6, 1943, by the Secretary of Agriculture of the United States, as amended, is hereby further amended to read as follows:

The fulfillment of requirements for the defense of the United States will result in a shortage in the supply of Cheddar cheese and process Cheddar cheese for defense, for private account, and for export; and the following order is deemed necessary and appropriate in the public interest and to promote the national defense:

§ 1401.1 *Cheddar cheese and process Cheddar cheese*—(a) *Definitions*. When used in this order, unless otherwise distinctly expressed or manifestly incompatible with the intent hereof:

(1) The term "Cheddar cheese", frequently called "American cheese" or "American Cheddar cheese", means Cheddar cheese (produced in the United States) as defined in the definition and standards of identity for Cheddar cheese (21 CFR, 1941 Supp. 19.500), issued on January 6, 1941, pursuant to the Federal Food, Drug, and Cosmetic Act.

(2) The term "process Cheddar cheese" means the product prepared by grinding and mixing one or more lots of Cheddar cheese into a homogeneous plastic mass (i) by the action of heat, with or without the addition of salt, water, or color, and with or without the incorporation of not more than 3 percent of a suitable emulsifying agent, and (ii) containing not more than 40 percent, by weight, of moisture, and in the water-free substance containing not less than 50 percent, by weight, of milk fat (sweet cream may be added to increase the fat content to the required percentage).

(3) The term "person" means any individual, partnership, corporation, association, or any other business entity or organized group of persons, whether incorporated or not.

(4) The term "authorized cheese assembler" means any person who holds a letter of authority, issued to him by the Director, to receive Cheddar cheese set aside pursuant to the provisions hereof.

(5) The term "set aside" means set aside and hold for sale and delivery to any of the following designated agencies

or to any other agency designated by the Director: (i) Office of Distribution (including, but not being limited to, the Federal Surplus Commodities Corporation); (ii) Dairy Products Marketing Association, Inc.; (iii) the Armed Services of the United States (excluding, for the purposes of this order, United States Army Post Exchanges, United States Navy Ship's Service Departments, and United States Marine Corps Post Exchanges); (iv) War Shipping Administration; (v) Veterans' Administration; and (vi) any person who, pursuant to a food distribution regulation, is entitled to purchase Cheddar cheese or process Cheddar cheese subject to this order.

(6) The term "Armed Services of the United States" means the Army, the Navy, the Marine Corps, and the Coast Guard of the United States.

(7) The terms "U. S. No. 1" and "U. S. No. 2" mean Cheddar cheese of U. S. No. 1 grade (U. S. Grade A) and U. S. No. 2 grade (U. S. Grade B), respectively, as defined in the "Tentative U. S. Standards for Grades of American Cheddar Cheese", issued by the Food Distribution Administration, effective as of May 1, 1943. Whenever new standards are issued by the Office of Distribution or promulgated by the War Food Administrator, "U. S. No. 1" and "U. S. No. 2" shall mean U. S. No. 1 grade (U. S. Grade A) and U. S. No. 2 grade (U. S. Grade B), respectively, as specified in such new standards.

(8) The term "Director" means the Director of Food Distribution, War Food Administration.

(b) *Restrictions*. (1) Each person who has produced more than 8,000 pounds of Cheddar cheese in any calendar month from January 1942 to February 1944, inclusive, shall set aside in March 1944, and in each subsequent calendar month, a quantity of Cheddar cheese equal to such percentage as the Director may order of all Cheddar cheese produced by such person in March 1944 and each subsequent calendar month regardless of the quantity produced by such person during or subsequent to March 1944.

(2) Each person who has not produced more than 8,000 pounds of Cheddar cheese in any calendar month from January 1942 to February 1944, inclusive, but who produces more than 8,000 pounds of Cheddar cheese in March 1944, or any subsequent calendar month, shall thereafter, in each calendar month, set aside a quantity of Cheddar cheese equal

to such percentage as the Director may order of all Cheddar cheese produced by such person in each such calendar month regardless of the quantity of Cheddar cheese produced by such person in any month subsequent to the one, as aforesaid, in which he produced more than 8,000 pounds of Cheddar cheese.

(3) In the event of a change in ownership with respect to a cheese factory, the production record of the former owner with respect to such cheese factory shall be the basis for reporting and setting aside Cheddar cheese by the new owner; and the purchaser of the cheese factory shall so report and set aside Cheddar cheese, if (i) the person from whom he purchased the cheese factory was obligated to report and set aside Cheddar cheese or (ii) the purchaser is required by other provisions hereof to report and set aside Cheddar cheese.

(4) Any person who, during a particular calendar month, sets aside and sells to an agency or agencies designated in or pursuant to § 1401.1 (a) (5) hereof a quantity of Cheddar cheese in excess of the quantity required to be set aside by the provisions hereof or Director's order pursuant hereto may be permitted by the Director, if the Director determines that such is necessary or appropriate in the public interest and to promote the national defense, to utilize as a credit against his set-aside obligation, during any subsequent calendar month specified by the Director, the quantity which he set aside and sold to said agencies in excess of his set-aside obligation.

(5) Any person who is required by the provisions of this order to set aside Cheddar cheese may, at his option, sell or deliver all or part of the Cheddar cheese set aside, pursuant to the provisions hereof, to any authorized cheese assembler who agrees to set aside, out of the Cheddar cheese in his possession or control, a quantity of Cheddar cheese equal to the quantity of such set-aside Cheddar cheese received by him, and such authorized cheese assembler shall so set aside such quantity of Cheddar cheese. An authorized cheese assembler shall not, however, sell or deliver set-aside Cheddar cheese to another authorized cheese assembler unless the authorized cheese assembler to whom such Cheddar cheese is to be delivered has applied to the Director and received from him specific authorization to receive such Cheddar cheese. Each person delivering

or shipping Cheddar cheese to an authorized cheese assembler shall deliver to such authorized cheese assembler a certificate, in duplicate, in substantially the following language (with the appropriate information inserted in the blank spaces):

This is to certify that of the ----- pounds of Cheddar cheese shipped or delivered on ----- pounds are Cheddar cheese set aside pursuant to the provisions of Food Distribution Order No. 15, issued by the Secretary of Agriculture of the United States on February 6, 1943, as amended, and such amount of set-aside Cheddar cheese is required to be set aside by you pursuant to the provisions of said order, as amended. The balance, ----- pounds, is Cheddar cheese free from the restrictions of said order, as amended.

(Signature of manufacturer)

This will acknowledge receipt of the above indicated quantity of Cheddar cheese set aside pursuant to said order, as amended.

(Signature of authorized cheese assembler)

The aforesaid certificate shall be signed in duplicate by the authorized cheese assembler who shall return one copy to the manufacturer who delivered or shipped the Cheddar cheese, and shall retain the original for one year after the date of receipt thereof.

(6) All Cheddar cheese set aside pursuant to the provisions hereof shall be stored under the same conditions of storage customarily observed to maintain the grade and quality of Cheddar cheese, and shall be packaged and assembled for delivery in accordance with requirements and specifications of the designated agencies purchasing such cheese. At least 80 percent of the Cheddar cheese thus set aside pursuant to the provisions hereof shall be U. S. No. 1 grade or better, and the remainder shall be not less than U. S. No. 2 grade: *Provided, however*, That if the manufacturer shows by grading certificates issued by the Office of Distribution, War Food Administration, that all of the Cheddar cheese of U. S. No. 1 grade or better produced by him is less than the quantity required to be set aside pursuant hereto, the quantity to be set aside shall include all of the U. S. No. 1 grade or better manufactured or received by such person and the remainder may be U. S. No. 2 grade: *Provided, further*, That if the manufacturer shows by grading certificates issued by the said Office of Distribution that the total quantity of Cheddar cheese of U. S. No. 2 grade or better produced by him in the month in which it is required to be set aside is less than the quantity of Cheddar cheese required to be set aside in such month, he shall set aside all of the Cheddar cheese of U. S. No. 2 grade or better produced by him in such month and an additional quantity of lower grade Cheddar cheese to fulfill the total set-aside requirements of this order. Grades as determined by official inspectors of the Office of Distribution shall be final in all cases.

(7) Any person who has contracted with or hereafter contracts with any of the agencies designated in or pursuant to § 1401.1 (a) (5) hereof for the delivery of process Cheddar cheese may deliver such cheese, in accordance with the contract, and credit it against such portion of his set-aside obligation, pursuant to the provisions of this order, at the rate of 95 pounds of Cheddar cheese for each 100 pounds of process Cheddar cheese delivered, as aforesaid, to a designated agency: *Provided*, That no person is authorized to convert such set-aside Cheddar cheese into process cheese prior to the execution of a contract, as aforesaid, for the delivery of such process Cheddar cheese.

(8) Each authorized cheese assembler shall pay to the Commodity Credit Corporation the sum of 3.8 cents per pound of Cheddar cheese and process Cheddar cheese sold by him to any of the following agencies of the United States during the effective period of any regulation of the Office of Price Administration establishing the maximum prices on such sales equal to the maximum prices on other sales plus 3.8 cents per pound: War Food Administration and any agency thereof (including Dairy Products Marketing Association, Inc., acting for the War Food Administration); U. S. Army Quartermaster Market Centers (including Field Headquarters), and U. S. Army Quartermaster Depots; and the U. S. Navy Market Offices. Such payment with respect to each sale shall be made not later than 5 days after payment of the purchase price by the purchasing agency. Acceptance from the Director of a letter of authority to serve as authorized cheese assembler shall constitute such assembler's authority to such agencies to make payment, in his behalf and for his account, of the 3.8 cents per pound to Commodity Credit Corporation by deducting such 3.8 cents per pound from the purchase price and paying such 3.8 cents to Commodity Credit Corporation. Unless such deduction has been made, the authorized cheese assembler shall pay the 3.8 cents per pound directly to Commodity Credit Corporation.

(9) No person may serve as authorized cheese assembler unless he has received from the Director a letter of authority to serve as an authorized cheese assembler. Any letter of authority issued prior to February 29, 1944, by the Director shall not entitle the person to whom it was issued to serve as an authorized cheese assembler after February 29, 1944: *Provided*, That the set-aside obligations incumbent on any such authorized cheese assembler with respect to Cheddar cheese acquired or produced by him on or prior to February 29, 1944, shall continue subsequent to February 29, 1944. Any person who desires to become an authorized cheese assembler or to serve as an authorized cheese assembler after February 29, 1944, shall file with the Director an application, upon a form approved by the Director, setting forth the information requested in said form of application. The application shall contain, among other things, a

statement by the person submitting such application that (i) he will make the aforesaid payment to the Commodity Credit Corporation, as required by the provisions hereof, and otherwise observe and comply with the requirements of this order, and (ii) he will not refuse to purchase or accept delivery of set-aside Cheddar cheese solely because the vendor is not willing to sell to the respective authorized cheese assembler an additional quantity of Cheddar cheese not set aside or required to be set aside hereunder. An authorized cheese assembler shall have the following facilities and be able to perform the following functions: (i) accumulate carlots of Cheddar cheese for shipment; (ii) storage space with ample capacity and satisfactory temperature and humidity controls; (iii) maintain adequate equipment and facilities for paraffining Cheddar cheese, moisture analysis, grading, branding, shipping, and ample capital for financing the inventories of Cheddar cheese; (iv) substitute for Cheddar cheese of quality unacceptable to an agency designated in or pursuant to § 1401.1 (a) (5) hereof and in packages not suitable for export, according to the standards specified by said agency, Cheddar cheese of acceptable quality and in packages meeting the specifications of said agency; (v) maintain a satisfactory system of records and accounts with respect to Cheddar cheese, and supply promptly, from month to month, correctly prepared reports with respect to Cheddar cheese and process Cheddar cheese; and (vi) make the aforesaid payment of 3.8 cents per pound to the Commodity Credit Corporation pursuant to § 1401.1 (b) (8) hereof with respect to all Cheddar cheese and process Cheddar cheese sold by such authorized cheese assembler to the War Food Administration or any agency thereof (including Dairy Products Marketing Association, Inc., acting for the War Food Administration); U. S. Army Quartermaster Market Centers (including Field Headquarters), and U. S. Army Quartermaster Depots; and the U. S. Navy Market Offices. The Director shall consider each such application and issue a letter of authority for such period of time as may be specified therein if the Director determines that the issuance of such letter of authority to serve as an authorized cheese assembler is necessary or appropriate in the public interest and to promote the national defense. No person shall represent himself to be an authorized cheese assembler unless he holds a letter of authority duly issued by the Director and in force and effect at the time of such representation. No person other than an authorized cheese assembler holding a letter of authority in force and effect shall receive or, after receipt, deal in Cheddar cheese or process Cheddar cheese set aside pursuant to the provisions hereof.

(10) No authorized cheese assembler shall, unless specifically authorized by the Director, contract to buy or accept delivery of a quantity of Cheddar cheese, set aside pursuant to this order, which

will cause the total quantity of the set-aside Cheddar cheese owned, contracted for, processed or, in any other manner, controlled by him to exceed the total quantity of Cheddar cheese required to be set aside by him during the respective calendar month and the then immediately preceding calendar month (including set-aside Cheddar cheese received from others and Cheddar cheese required to be set aside from his own production). Each authorized cheese assembler shall maintain a physical inventory of set-aside Cheddar cheese commensurate with his obligation pursuant hereto to set aside Cheddar cheese.

(11) The Director may release any Cheddar cheese or process Cheddar cheese from the restrictions of this order if he determines that no agency designated in or pursuant to § 1401.1 (a) (5) hereof has contracted for, or declared its intention or desire to contract for, such Cheddar cheese or process Cheddar cheese within such period as he may specify, or that such Cheddar cheese or process Cheddar cheese is not required for such agencies. The Director may issue such administrative rulings, regulations, interpretations, and exemptions as he deems necessary to facilitate, expedite, and accomplish the purposes of this order.

(12) The restrictions hereof shall be observed without regard to the rights of creditors, existing contracts or payments made. This order shall not, however, be construed as reducing the amount of Cheddar cheese or process Cheddar cheese which any person is required to offer or deliver, under existing contracts or contracts subsequently entered into, to any agency specified in or pursuant to the provisions in § 1401.1 (a) (5) hereof.

(c) *Records and reports.* (1) The Director shall be entitled to obtain such information from, and require such reports and the keeping of such records by any person, as may be necessary or appropriate, in his discretion, to the enforcement or administration of the provisions of this order.

(2) Every person subject to this order shall, for at least two years (or for such period of time as the Director may designate), maintain an accurate record of his transactions in Cheddar cheese and process Cheddar cheese.

(3) The record-keeping and reporting requirements of this order have been approved by the Bureau of the Budget in accordance with the Federal Reports Act

of 1942. Subsequent record-keeping or reporting requirements will be subject to the approval of the Bureau of the Budget pursuant to the Federal Reports Act of 1942.

(4) The provisions of this order shall not be considered as rescinding or terminating Food Distribution Order No. 15.3 (8 F.R. 14037) issued by the Director on October 14, 1943.

(d) *Audits and inspections.* The Director shall be entitled to make such audit or inspection of the books, records, and other writings, premises or stocks of cheese (including, but not being limited to Cheddar cheese and process Cheddar cheese) of any person, and to make such investigations as may be necessary or appropriate, in his discretion, to the enforcement or administration of the provisions of this order.

(e) *Petition for relief from hardship.* Any person affected by this order who considers that compliance herewith would work an exceptional or unreasonable hardship on him may file a petition for relief with the administrator of this order. Such petition shall be addressed to Order Administrator, Food Distribution Order No. 15, Dairy and Poultry Branch, War Food Administration, Washington 25, D. C. Petition for such relief shall be in writing and shall set forth all pertinent facts and the nature of the relief sought. The Order Administrator may take any action with reference to such petition which is consistent with the authority delegated to him by the Director. If the petitioner is dissatisfied with the action taken by the Order Administrator on the petition, he shall, by requesting the Order Administrator therefor, obtain a review of such action by the Director. The Director may, after said review, take such action as he deems appropriate, and such action shall be final. The provisions of this paragraph (e) shall not be construed to deprive the Director of authority to consider originally any petition for relief from hardship submitted in accordance herewith. The Director may consider any such petition and take such action with reference thereto that he deems appropriate and such action shall be final.

(f) *Violations.* The War Food Administrator may, by suspension order, prohibit any person who violates any provision of this order from receiving, making any deliveries of, or using Cheddar cheese or process Cheddar cheese, or any other material subject to

priority or allocation control by the War Food Administrator, and may recommend that any such person be prohibited from receiving, making any deliveries of, or using materials subject to the priority or allocation control of other governmental agencies. In addition, any person who wilfully violates any provision of this order is guilty of a crime and may be prosecuted under any and all applicable laws. Further, civil action may be instituted to enforce any liability or duty created by, or to enjoin any violation of, any provision of this order.

(g) *Delegation of authority.* The administration of this order and the powers vested in the War Food Administrator, insofar as such powers relate to the administration of this order, are hereby delegated to the Director. The Director is authorized to redelegate to any employee of the United States Department of Agriculture any or all of the authority vested in him by this order.

(h) *Communications.* All reports to be filed hereunder and all communications concerning this order shall, except as provided herein or unless instructions to the contrary are issued by the Director, be addressed to the Order Administrator, Food Distribution Order No. 15, Dairy and Poultry Branch, Office of Distribution, War Food Administration, Washington 25, D. C.

(i) *Territorial scope.* This order shall apply only in the area included in the 48 States of the United States and the District of Columbia.

(j) *Effective date.* This order shall become effective at 12:01 a. m., e. w. t., March 1, 1944. With respect to violations, rights accrued, liabilities incurred, or appeals taken under said Food Distribution Order No. 15, as amended, prior to the effective time of the provisions hereof, all provisions of Food Distribution Order No. 15, as amended, in effect prior to the issuance of this order shall be deemed to continue in full force and effect for the purpose of sustaining any proper suit, action, or other proceeding with respect to any such violation, right, liability, or appeal.

(E.O. 9280, 7 F.R. 10179; E.O. 9322, 8 F.R. 3807; E.O. 9334, 8 F.R. 5423; E.O. 9392, 8 F.R. 14783)

Issued this 17th day of February 1944.

WILSON COWEN,
Assistant War Food Administrator.

War Food Administration, Summary to FDO 15 Amendment 2.

WFA REVISES SYSTEM OF AUTHORIZING CHEESE ASSEMBLERS

The War Food Administration has revised the conditions under which cheese assemblers will be authorized to handle Cheddar cheese set aside for delivery to Government agencies. The changes are

effective March 1 and appear in amendment 2 to Food Distribution Order 15.

All assemblers who wish to assemble for delivery to designated Government agencies cheese subject to FDO 15 will have to obtain new authorizations after February 29, the WFA said. This requirement covers all assemblers now authorized under FDO 15 as all existing authorizations will be terminated on that

date. The WFA said also that authorizations hereafter granted will be for such period as the Director of Food Distribution may specify and new authorizations may be issued upon reapplication.

In order for favorable consideration to be given to an applicant for an authorization, the applicant must, among other things,

(1) State that he will accept set-aside cheese from factories without requiring them to deliver cheese in excess of their set-aside obligations;

(2) Repay to the Commodity Credit Corporation 3.8 cents for each pound of Cheddar and process Cheddar cheese sold to designated Government agencies; that is, the WFA, Quartermaster market centers and depots, and Navy market offices. This provision is co-effective with an OPA amendment permitting these agencies to pay 3.8 cents per pound above the present or existing ceiling price for these types of cheese.

(3) Be in a position to accumulate

and ship Cheddar cheese in carlot quantities.

(4) Have available adequate equipment and facilities for paraffining, moisture testing, grading, branding, and shipping, and have ample capital to carry inventories.

(5) Substitute for set aside cheese unacceptable to Government or packed in containers unsuitable for export, cheese which is acceptable and packed in suitable containers.

(6) Maintain a satisfactory system of records and accounts and supply to the WFA correctly prepared reports required under FDO 15.

The revised order permits any person who has contracted with any designated agency for the delivery of processed Cheddar cheese to deliver such cheese in accordance with the contract, and to credit it against his set aside obligation at the rate of 95 pounds of Cheddar cheese for each 100 pounds of process Cheddar cheese. However, no person is permitted to convert set aside cheese into process cheese without having contracted with a designated agency for the delivery of such cheese.

FDO 15, as amended, also limits an assembler's stocks of set aside Cheddar cheese to the quantity set aside that month and during the preceding month.

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A
STATEMENT, QUESTIONS AND ANSWERS REGARDING THE
CHEDDAR CHEESE SUBSIDY PROGRAM AND FDO 15, AMENDMENT 2

Amendment 2 to Food Distribution Order No. 15 is designed to specify in greater detail the functions and responsibilities of authorized cheese assemblers, particularly in regard to the proposed provision of the cheese subsidy program, changes in Office of Price Administration price ceilings on sales of cheese to certain government agencies, and deliveries of process Cheddar cheese to government agencies.

One of the principal changes in the assembler's authorization is a provision that the assembler must pay to Commodity Credit Corporation 3.8 cents per pound of Cheddar cheese and process Cheddar cheese sold to certain Government agencies. The reason for this provision is a change in the Cheddar cheese subsidy program, whereby in effect the subsidy will be limited to Cheddar cheese entering civilian channels. The revised plan contemplates that ceiling prices on sales direct to certain governmental agencies will be increased by 3.8 cents which is equal to the weighted average of the Commodity Credit Corporation subsidy payments to factories. However, Commodity Credit Corporation will continue to make payments to all factories on all Cheddar cheese produced by them and will recover from factories and authorized assemblers 3.8 cents per pound on all natural and process Cheddar cheese sold by them direct to certain governmental agencies. This procedure will be followed because of the difficult administrative and accounting problems that would be involved for government agencies, factories and assemblers in any alternative plans that would involve two price ceilings in the same trade channels.

Briefly the principal features of the new plan, expected to become effective March 1, 1944 are as follows:

- 1) CCC will continue to make subsidy payments to factories on all Cheddar cheese.
- 2) OPA proposes to establish the maximum prices on sales of Cheddar cheese and process Cheddar cheese by authorized assemblers and factories direct to the following agencies at a price equal to the ceilings on other sales plus 3.8 cents:

WFA and its agencies (including DPMA); Army Market Centers and Depots; Navy Market offices.

- 3) The cheese set-aside order (FDO 15) will provide that authorized assemblers shall pay to CCC 3.8 cents per pound of Cheddar cheese and process Cheddar cheese sold to WFA, Market Centers, Depots and Offices, during the effective period of the above OPA regulation.
- 4) The CCC subsidy (purchase and sale) offer to factories will require factories to refund to CCC 3.8 cents per pound of cheese sold direct to the above indicated agencies during the effective period of the OPA regulation.

Inasmuch as the WFA is the principal buyer of set-aside cheese an arrangement for FSC and DPMA to deduct the 3.8 cents at the time of payment for cheese will simplify the program and make it unnecessary for assemblers and factories to make the payment direct to CCC and furnish supporting evidence regarding those sales. It is not expected that the Army and Navy will make the deduction.

Therefore, it will be necessary for assemblers and factories to make payment of 3.8 cents direct to CCC on any cheese sold direct to the Army Market Centers and Depots and the Navy Market Offices.

Amendment 2 also outlines the specific requirements an assembler must meet in order to be authorized as an assembler of set-aside cheese under the order.

Amendment 2 to FDO 15 terminates on February 29, 1944 all existing authorizations issued to assemblers since February 15, 1943.

New application forms to obtain a letter of authorization for assemblers desiring to secure authorization under the Order may be obtained from the Administrator of FDO 15.

1. Q. How does this amendment modify FDO 15, Amendment 1?

A. It supplements the provisions pertaining to the authorized cheese assemblers, explains the handling of subsidy payments and the substitution of process cheese.

2. Q. Can a factory become an assembler?

A. Yes, provided the factory meets the requirements of FDO 15, Amendment 2.

3. Q. Why must an assembler maintain a physical inventory commensurate to his set-aside obligations?

A. In order to be able to meet the requirements of the designated agencies, supplies equal to the set-aside requirements must be available at all times. Also, because the set-aside percentages are varied seasonally so as to provide a fairly even monthly supply for civilians.

4. Q. Under what conditions may process Cheddar cheese be delivered?

A. When a person holds a contract with a designated agency to deliver process Cheddar cheese, which is used to supply special requirements of the Armed Forces and Lend-Lease, such cheese may be delivered in fulfillment of the contract and be credited against set-aside requirements of the Order.

5. Q. Why is the ratio set at 95 pounds of Cheddar cheese to 100 pounds of process Cheddar cheese?

A. The difference represents normal over-run in the form of materials other than Cheddar cheese.

6. Q. Why must a contract for delivery of process cheese be executed before Cheddar cheese may be converted into process Cheddar Cheese?

A. Process cheese is desired only in sufficient quantities to meet the actual requirements of the designated agencies for this type of product, and must meet exact contract specifications in each individual instance.

7. Q. On what sales are authorized cheese assemblers required to pay CCC 3.8 cents per pound?
- A. On all sales of natural and process Cheddar cheese by authorized cheese assemblers direct to the following Government agencies during the effective period of any OPA regulation establishing price ceilings on such sales equal to the ceilings on other sales plus 3.8 cents,
- 1) WFA including FSCC and DPMA acting for WFA.
 - 2) U. S. Army Quartermaster Market Centers (including field headquarters) and U. S. Army Quartermaster Depots.
 - 3) U. S. Navy Market offices.
8. Q. Must factories pay 3.8 cents to CCC on sales to assemblers and must assemblers pay 3.8 cents to CCC on sales to other assemblers?
- A. No, the proposed increased ceiling will not apply to such sales, but only on sales direct by factories and assemblers to the Army Market Centers and Depots, Navy Market offices and WFA or its agencies.
9. Q. Must assemblers pay 3.8 cents to CCC on sales to other agencies, such as military posts, Veterans hospitals, USA ship suppliers and contract schools?
- A. No, the requirement applies only to sales to the Army Market Centers and Depots, Navy Market offices and WFA or its agencies, which are the only sales on which the increased ceilings are to apply.
10. Q. Must authorized cheese assemblers pay the 3.8 cents to CCC if sales are below the OPA maximum ceilings?
- A. Yes, with respect to all natural or process Cheddar cheese sold to the specified agencies during the effective period of the OPA regulation regardless of the prices at which such sales are made.
11. Q. How shall authorized cheese assemblers pay the 3.8 cents to CCC?
- A. In the case of sales to Army Market Centers and Depots, and Navy Market offices, the assembler shall pay the 3.8 cents direct to CCC within 5 days after he is paid for the cheese by the Army and Navy. In the case of sales to the WFA, including FSCC and DPMA, they may make such payments to CCC for the authorized cheese assembler at the time of payment for the cheese by deducting 3.8 cents per pound from the purchase price of the cheese.
12. Q. Does a letter of authorization automatically entitle an authorized cheese assembler to the OPA assembling allowance?
- A. No, the authorization is only one condition. OPA regulations specify also that certain functions must actually be performed before the assembler is entitled to the assembling allowance.
13. Q. When will the recapture provision become effective?
- A. The amendment requiring repayment to CCC becomes effective on March 1, 1944, and continues in effect so long as OPA has in effect maximum prices on such sales equal to the maximum prices on other sales plus 3.8 cents per pound.

14. Q. What requirements must be met by an applicant in order to obtain a certificate permitting him to become an authorized cheese assembler?
 - A. The applicant must meet the requirements listed in Section 1401.1, paragraphs 8 and 9 of FDO 15, Amendment 2.
15. Q. Can a person continue to be an authorized cheese assembler if he is unable to substitute Cheddar cheese of quality, package, and style acceptable to Government agencies for Cheddar cheese of unacceptable quality, package, and style?
 - A. No, one of the important duties of an authorized assembler is to make substitutions indicated above. If the assembler is not able to do this he is not in a position to furnish the Governmental agencies with cheese of desired quality, style, and package and therefore cannot adequately perform the functions of an authorized assembler.
16. Q. Why are inventories of set-aside cheese restricted to a total quantity of the current and immediately preceding month?
 - A. To assure reasonably prompt sales of set-aside cheese to government agencies so that plans may be carried on and requirements can be met on schedule, and also to establish for all assemblers a uniform and fair limitation on delays in offering the cheese.
17. Q. Why should an authorized assembler have ample capital for financing his inventories?
 - A. Capital is necessary so that the assembler can continue to meet his financial obligations pending reimbursement for carlots of cheese sold to designated Government agencies.
18. Q. Can the authorized cheese assembler demand that the factory shipping him set-aside Cheddar also sell him free cheese?
 - A. The factory must be free to dispose of its non-set-aside cheese in the manner most advantageous to it. The assembler is required to state, in his application for authorization as an assembler under the Order, that he will not demand that the factory shipping him set-aside Cheddar cheese also ship him free Cheddar cheese.
19. Q. Does the Government guarantee the credit of an authorized cheese assembler?
 - A. No, the Government assumes no responsibility for the financial obligation of any authorized cheese assembler, but may decline to renew his authorization on the basis of evidence of financial irresponsibility.
20. Q. Where may application blanks for authorization be obtained?
 - A. By writing to C. L. Pier, Room 805, New Post Office Bldg., Chicago 7, Illinois.

21. Q. For what periods are assemblers authorized?

A. For such period as the Director deems to be appropriate. It is likely that the period will be for approximately 60 days.

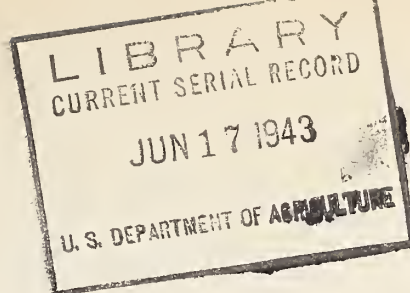
22. Q. Will all authorizations be periodically renewed?

A. No, only those assemblers will be reauthorized who have satisfactorily performed all functions. The final decision as to whether performance has been satisfactory is left to the decision of the Director. An authorization will be renewed if such is necessary or appropriate in the public interest and to promote the national defense.

23. Q. How will authorizations be renewed?

A. On the basis of written application to the Director or such person as may be designated by him and approval of such application.

F733F

FDO 15-1
APRIL 30, 1943

WAR FOOD ADMINISTRATION

[FDO 15-1]

PART 1401—DAIRY PRODUCTS

PERCENTAGE OF CHEDDAR CHEESE TO BE SET
ASIDE

Pursuant to the authority vested in me by Food Distribution Order No. 15, dated February 6, 1943, as amended, issued under Executive Order No. 9280, dated December 5, 1942, and Executive Order No. 9322, dated March 26, 1943, as amended by Executive Order No. 9334,

dated April 19, 1943, and to effectuate the purposes of such orders: *It is hereby ordered*, As follows:

§ 1401.2 *Percentage of Cheddar cheese to be set aside in May, June, and July, 1943.* (a) Every person who is required to set aside Cheddar cheese in May, June, or July, 1943, pursuant to the provisions of Food Distribution Order No. 15, as amended, shall set aside in each of the months of May, June, and July in which he is required to set aside Cheddar cheese a quantity of Cheddar

cheese equal to at least 70 percent of all Cheddar cheese manufactured by him in each such month.

(b) This order shall be effective on May 1, 1943, as of 12:01 a. m., e. w. t.

(E.O. 9280, 7 F.R. 10179; E.O. 9322, 8 F.R. 3807; E.O. 9334, 8 F.R. 5423; F.D.O. No. 15, 8 F.R. 1704)

Issued this 30th day of April 1943.

ROY F. HENDRICKSON,
Director of Food Distribution.

Press Release Immediate:
Saturday, May 1, 1943.

Moving to avoid possible shortages of civilian supplies of butter and cheese during the low production months next winter, the War Food Administration today changed its set-aside orders on these products to provide for meeting the bulk of Government requirements during the peak production period this spring and summer.

Effective today (May 1), the percentage of production that must be held for Government purchase during May, June and July has been set at 50 percent for butter and 70 percent for Cheddar cheese. This compares with 30 percent for butter and 50 percent for cheese which has been required to be set aside since February under Food Distribution Orders No. 2 (butter) and No. 15 (cheese). Under today's amendments to these orders, the Director of Food Distribution may announce the set-aside percentages on the two products for periods of several months at a time.

It is expected that the new percentages will be decreased sharply from August to November, as production declines seasonally, so that most of the butter and a large part of the cheese produced during the seasonally low production period this fall and winter will be available for civilian use exclusively. Thus, the new plan of adjusting quotas to production is not expected to increase or decrease the percentages required to be set aside under the original orders on a yearly basis.

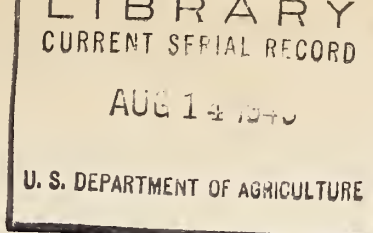
Government agencies will buy all butter and cheese that are required to be set aside during the summer months and will store these purchases to meet winter requirements. This will mean a reduction in government takings of the two products during the low production period next winter. This plan of operating the set-aside and government purchase programs, together with consumer rationing, will assure equitable sharing of available supplies throughout the year.

The supply of creamery butter for civilians is expected to be 1,300 million pounds, compared with average annual consumption of 1,750 million pounds in recent years. Government requirements for the next 12 months are expected to be approximately 500 million pounds, about $\frac{2}{3}$ of this quantity for United States Armed Forces and $\frac{1}{3}$ for the Armed forces of our Allies.

Civilian supply of Cheddar cheese is expected to be about 420 million pounds compared to 575 million pounds in recent years. In addition all other types of cheese, normally about 200 million pounds a year, will be available to civilians. Government requirements of Cheddar cheese will be approximately 380 million pounds.

In addition to the change regarding set-aside percentages, the amendments to the Orders provide for several other changes to clarify the provisions and make them more specific in regard to minimum grade, packaging and transfer of set-aside butter and cheese among authorized receivers and assemblers.





FDO 15-2
JULY 19, 1943

WAR FOOD ADMINISTRATION

[FDO 15-2]

PART 1401—DAIRY PRODUCTS

CHEDDAR CHEESE

Pursuant to the authority vested in me by Food Distribution Order No. 15, dated February 6, 1943, as amended, effective in accordance with the provisions of Executive Order No. 9280, dated December 5, 1942, and Executive Order No. 9322, dated March 26, 1943, as amended by Executive Order No. 9334, dated April 19, 1943, and in order to effectuate the pur-

poses of the aforesaid orders, *It is hereby ordered*, As follows:

§ 1401.3 *Percentages of Cheddar cheese to be set aside during the months of August, September, and October, 1943.*

(a) Each person who is required to set aside Cheddar cheese during the month of August, September, or October, 1943, pursuant to the provisions of Food Distribution Order No. 15, as amended, shall set aside in each of said months in which he is required to set aside Cheddar cheese, a quantity of Cheddar cheese equal to at least the following per-

centages of all Cheddar cheese produced by him in each such month:

- (1) August, 60 percent;
- (2) September, 60 percent;
- (3) October, 50 percent.

(b) This order shall become effective at 12:01 a. m., e. w. t., August 1, 1943.

(E.O. 9280, 7 F.R. 10179; E.O. 9322, 8 F.R. 3807; E.O. 9334, 8 F.R. 5423; FBO 15, 8 F.R. 1704, 5698)

Issued this 19th day of July 1943.

C. W. KITCHEN,
Acting Director of Food Distribution.

Press Release Immediate:
Monday, July 19, 1943.

Continuing its policy of adjusting to seasonal production the percentage of cheese and butter reserved for Government purchase, the War Food Administration today decreased the percentages of these products to be set aside during August, September and October.

The WFA announced at the same time that current reservation quotas on spray and roller process dried skim milk—75 percent of monthly output—would be continued.

During August, butter producers will reserve 40 percent of their output for direct war uses. The September and October quotas have been still further reduced to 30 percent of production. During May, June, and July, the percentage required to be held for Govern-

ment purchase was 50 percent of production.

Cheese set-aside quotas will be scaled down from the 70 percent reservation of the recent summer months to 60 percent during August and September, and 50 percent in October.

In view of the decreased set-aside percentages, civilians are expected to have available approximately 300 million pounds of butter out of an estimated 440 million-pound production and 92 million pounds of cheddar cheese out of an estimated 200 million-pound production, during the period August through October. This should permit civilian consumption of cheese and butter at about the levels contemplated in the yearly allocations and under rationing.

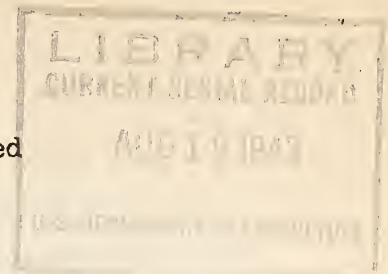
In addition to these quantities, civilians should have available, during these

three months, about 100 million pounds of farm butter and about 35 million pounds of cheese other than cheddar.

Government agencies are purchasing most of the cheese and butter they will need for the year during the summer months of heavier production, so that the amounts available for civilians can be fairly constant throughout the year.

During the winter months of seasonally low production, set aside percentages are expected to be still lower than those announced for the next three months.

Set-aside percentages on dried skim milk probably will remain constant throughout the year, WFA officials said, in view of the heavy requirements of our Armed Forces and of our Allies for this product.



Food Distribution Order No. 15, as Amended

CHEESE

REVISED QUESTIONS AND ANSWERS

August 1943

Although dairy production has increased, the relatively greater increase in military and lend-lease needs, as well as in civilian demand, has necessitated allocations of available supplies among those uses. Civilian rationing, set-aside orders and similar measures have become necessary to make the allocations effective and to assure and facilitate purchases by Government agencies of their supplies. Every effort is being made to coordinate civilian rationing and consumption, set aside and purchase programs, seasonal production, and commercial marketings.

Food Distribution Order No. 15 requiring manufacturers to set aside cheese for delivery to designated agencies became effective February 15, 1943. This Order remained in force until it was amended effective May 1, 1943 to adjust the set-aside percentage and to incorporate certain changes which appeared desirable as a result of 2½ months' experience under the Order. An important change was that of removing the monthly set-aside percentage from the provisions of the Order and providing that the percentage would be established and announced by supplementary orders issued by the Director of Food Distribution Administration from time to time. Accordingly, the Director issued FDO 15-1 establishing the set-aside quota at 70 percent for the months of May, June and July, and FDO 15-2 establishing quotas at 60 percent for August and September, and 50 percent for October, 1943. Percentages for subsequent months will be announced later. In general, the amended Order retained the essential provisions and principles of the original. In each case, consideration was given to utilizing established cheese marketing facilities as much as possible.

A number of questions have arisen concerning certain provisions of the Order as amended and its application. A few of these questions with appropriate answers are given below. It should be emphasized that these questions are of a general character. Determination in specific cases should be referred to the Administrator together with a statement of the pertinent facts in each case.

1. Q - What will be the total supply of cheese in 1943-44?

A - The estimated total allocable supplies of cheese of all types and other principal dairy products, and the allocations for different uses for the period July 1, 1943 to June 30, 1944, with comparisons, are set forth in the attached announcement of the Office of War Information dated July 12, 1943. Revisions and adjustments on the basis of changes in production

and stocks will be announced from time to time.

2. Q - What kind of cheese is to be set aside under the Order?

A - American Cheddar cheese (excluding washed curd and colby type) which represents about 80 percent of all cheese produced and which is the kind best adapted to general use by our military forces and our Allies' armies. The Food and Drug Administration definition of Cheddar cheese referred to in Food Distribution Order No. 15 is given in a supplement attached hereto. The other 20 percent of our cheese production consists of many special types of cheeses.

3. Q - Which factories must set-aside cheese?

A - The Order as amended requires each manufacturer who made more than 8,000 pounds of Cheddar cheese in any calendar month from January, 1942 through April, 1943 to set aside in May and each subsequent month such percentage of his production as might be ordered by the Director of Food Distribution. Also, if any factory did not make more than 8,000 pounds in any month from January, 1942 through April, 1943, but makes more than 8,000 pounds in any subsequent month, it must set aside in each month thereafter such percentage of its production as might be ordered by the Director of Food Distribution, regardless of subsequent production.

4. Q - What is the percentage required to be set aside?

A - The plan is to vary the set-aside percentage with seasonal variation in production, so that there will be available for civilian consumption a fairly uniform monthly supply out of current production throughout the year. The set-aside percentage will be highest in the flush production months when Government agencies will buy not only their current needs but also part of their winter needs. The set-aside percentage is expected to be lowest in the winter months of seasonally lowest production when most of current production will go into civilian channels. The set-aside percentage was 50 percent from February through April, 70 percent in May, June, and July, and then recently reduced to 60 percent for August and September and 50 percent for October. The percentages for subsequent months will be announced later.

5. Q - What quality requirements must be met by set-aside cheese?

A - The Order requires 80 percent of set-aside cheese to be of U. S. No. 1 or better. The remainder may be U. S. No. 2. Provision has been made for setting aside greater quantities of U. S. No. 2 and U. S. Undergrade cheese if the manufacturer is unable to produce sufficient quantities of U. S. No. 1 and U. S. No. 2 cheese to comply with the Order, as evidenced by grading certificates covering all of his production.

6. Q - What is U. S. No. 1, U. S. No. 2 and U. S. Undergrade cheese?

A - Food Distribution Administration issued tentative U. S. Grades for Cheddar cheese defining these grades on April 29. These grades are the basis for all cheese purchases. Copies of these standards may be obtained from the Food Distribution Administration in Washington, D. C. or the regional grading and inspection service office.

7. Q - Who administers the Order?

A - The Order is administered by the Dairy and Poultry Branch, Food Distribution Administration, War Food Administration. Dr. H. C. Trologan is the Administrator. Mr. Frank Blood is the Deputy Administrator and correspondence regarding the Order should be addressed to him at Room 2114, 5 South Wabash Avenue, Chicago, Illinois.

8. Q - Must a certain proportion of each day's make be set-aside?

A - No. The Order only requires that a quantity equivalent to the designated percentage of the monthly production be set aside.

9. Q - Must a firm operating more than one factory set aside a designated percentage of the production of each?

A - No. The firm may set aside a volume of cheese equivalent to the designated percentage of the combined output of all its factories without respect to where it is produced.

10. Q - Must a manufacturer meet his set-aside requirements from cheese produced in his own plants?

A - No. A manufacturer may set aside a quantity equivalent to the specified percentage of his production. He may purchase free cheese from another firm and substitute this for all or part of his set-aside requirements, provided he meets the quality requirements of the Order.

11. Q - Must individual factories sell direct to governmental agencies?

A - No. They may sell either directly or through an authorized assembler.

12. Q - How may factories that ordinarily have not sold cheese to assemblers sell small set-aside quantities?

A - They may sell direct to any designated buying agency that desires to buy or they may arrange with any authorized assembler to sell their set-aside cheese to such assemblers who in turn will set aside and sell equivalent quantities to the designated agencies.

13. Q - What assurance will factories have that they have complied with the Order when they have sold and delivered their set-aside cheese to authorized receivers?

A - Factories must furnish a statement to authorized assemblers indicating the quantity of set-aside cheese they are delivering, and the assemblers are required to return signed copies to the factories acknowledging receipt of such set-aside cheese. Printed certificates are available for this purpose. The signed certificate should be retained by the factory as evidence of compliance.

14. Q - How may one become an authorized assembler?

A - Anyone who has facilities for assembling, storing and shipping cheese in carload lots who ordinarily engages in this business or whose services are needed to facilitate the movement of set-aside cheese in a particular area, may become an authorized assembler by making application on a prescribed form and securing certification as an authorized assembler from the Administrator of Order No. 15.

15. Q - For what period are assemblers authorized?

A - Assemblers are authorized for an indefinite period. Such authorization may be revoked at any time if requested by the assembler or if it is determined by the Director that the assembler is not functioning in the best interests of the Order.

16. Q - Does the Government assume responsibility for, or guarantee, payment by authorized assemblers to factories for set-aside cheese?

A - No. Government buying agencies do not assume any credit or financial responsibility of authorized assemblers. Financial relationships between such assemblers and factories are the same in regard to set-aside cheese as in ordinary commercial trade. However, failure to pay factories for set-aside cheese may be considered a basis for cancellation of authorization of an assembler to handle set-aside cheese.

17. Q - May factories and authorized assemblers sell more than the required quantities to governmental agencies, and if so, will it apply against subsequent quotas?

A - They may sell more than the minimum required quantity, but it will not apply against future monthly quotas.

18. Q - When must cheese be set aside and delivered to governmental agencies?

A - Cheese must be set aside and held by factories, or delivered by them to authorized assemblers or to designated buying agencies, during each month of production. Upon receipt of set-aside cheese from factories, authorized assemblers must immediately set aside an equivalent quantity. Both factories

and assemblers are expected to sell and deliver set-aside cheese as promptly as possible. Because of the different conditions influencing the promptness with which cheese can be packaged, handled and assembled into carlots, it has not appeared advisable, as yet, to set a definite time limit on sales and deliveries. However, since all set-aside cheese must eventually be delivered to Government agencies, immediate deliveries will minimize the factories' and assemblers' costs and risks. Moreover, failure of an authorized assembler to make prompt sale and delivery may be considered basis for cancelling his authorization to handle set-aside cheese.

19. Q - May the manufacturer or the authorized assembler fulfill the requirements of the Order by maintaining stocks of set-aside cheese in his own coolers or in public warehouses until it can be delivered in carlot quantities to approved agencies?
- A - Yes, provided actual stocks of cheese equivalent to the undelivered portion of the set-aside requirements are held under the same conditions of storage customarily observed to maintain the quality of cheese. Set-aside stocks on hand as shown on the monthly reports must likewise represent actual cheese available for delivery to the Government.
20. Q - May stocks set aside by factories or assemblers be used in civilian channels and later replaced from future civilian supplies?
- A - Any specific lot of cheese held in satisfaction of set-aside requirements which is unsuitable for delivery to governmental agencies because of packages, quality, or similar reasons, may be used in civilian channels provided it is first replaced by an equivalent amount of other cheese. Failure to hold undelivered set-aside cheese in inventory, without making proper substitution, is a direct violation of the Order.
21. Q - May one authorized assembler sell set-aside cheese to another authorized assembler?
- A - Not unless the authorized assembler to whom such cheese is to be sold has received specific authorization from the Administrator to receive such cheese.
22. Q - What agencies may buy set-aside cheese from factories and authorized assemblers?
- A - Those agencies listed in FDO 15, as amended, or those which otherwise are "designated" by the Director of Food Distribution as authorized to buy set-aside cheese. These include contract schools and vessels operated under contract by War Shipping Administration as directed in FD Regulation 2.
23. Q - Which Government agencies are the principal buyers of set-aside cheese?

- A - Food Distribution Administration is scheduled to purchase nearly three-fourths and the armed forces about one-fourth of the set-aside cheese either as natural cheese or as process cheese. War Shipping Administration and Veterans Administration probably will buy relatively small quantities of it.
24. Q - Who will purchase set-aside cheese for the Food Distribution Administration?
- A - Dairy Products Marketing Association, Inc. stands ready to purchase for the Food Distribution Administration all set-aside cheese not sold to other governmental agencies. DPMA will store the cheese until needed to meet current requirements, and then will resell it at cost and handling expenses to Federal Surplus Commodities Corporation of FDA under an operating agreement. FSCC is continuing to purchase set-aside cheese for Food Distribution Administration on the Wisconsin Cheese Exchange as well as in the form of canned and packaged process cheese.
25. Q - What is Dairy Products Marketing Association, Inc.?
- A - DPMA is a non-profit organization with a membership of regional dairy cooperatives. It was set up in 1938 to assist the Department of Agriculture in operating purchase and stabilization programs. DPMA purchases cheese as an agent of Commodity Credit Corporation with CCC funds. DPMA headquarters are at 110 North Franklin Street, Chicago, Illinois.
26. Q - Will DPMA buy small lots of set-aside cheese from individual factories?
- A - Generally, no. It is not practical or desirable for DPMA to go into the local assembling business. Government requirements are almost entirely for cheese in carlots. It will be necessary to use the established services and facilities of the trade for assembling cheese from factories insofar as possible. DPMA will pay an assembling fee to authorized assemblers, as indicated in its purchase announcements, to cover the costs of assembling cheese into carlots.
27. Q - How long after purchase will sellers have to wait for payment from DPMA?
- A - DPMA will pay for the cheese it buys as soon as possible after it receives evidence of title, inspection certificates and proper invoices, and will make every effort to pay the vendor within a few days after receipt of such documents.
28. Q - Will DPMA take delivery promptly?

A - DPMA will take delivery of cheese within five business days after the date specified in the offer as the date on which the cheese will be ready for delivery, provided it has been inspected. Two days' notice prior to shipping will be given.

29. Q - Who pays storage charges which may accrue on set-aside cheese?

A - It will be necessary for the owner to pay any storage charges which accrue until the Government takes title.

30. Q - Will the set-aside cheese have to be packed in any specific package?

A - The Order requires that set-aside cheese "shall be packaged and assembled for delivery in accordance with requirements and specifications of the designated agencies purchasing such cheese." Responsibility thus is placed upon members of the industry to determine the packaging requirements of the governmental agencies to which the cheese will be sold, and to package the cheese in accordance with these requirements. Governmental agencies will reimburse vendors for the additional costs of special packaging, in accordance with maximum price regulations of the Office of Price Administration.

31. Q - How does Food Distribution Administration prefer to have its set-aside cheese packaged?

A - Food Distribution Administration needs substantially all of its cheese in strapped export containers. Specifications for such containers may be obtained by writing to Dairy Products Marketing Association, 110 North Franklin Street, Chicago, Illinois. (Information concerning packaging needs and specifications of other designated buying agencies should be obtained from such agencies).

32. Q - What styles and moisture content does the Food Distribution Administration wish?

A - Large styles and low moisture cheese are preferred for export shipment.

33. Q - Must all the set-aside cheese be graded?

A - Yes. Cheese purchased by FDA will be graded by Food Distribution Administration graders. Cheese purchased by other designated agencies is subject to their grading requirements.

34. Q - Who is to arrange for grading?

A - Factories or authorized assemblers who sell cheese to DPMA will arrange for inspection service of FDA.

35. Q - Should cheese be inspected by FDA graders before being offered to DPMA?

- A - Yes, so that the exact quantity and grade can be offered, and DPMA can order immediate delivery.
36. Q - Will DPMA pay for inspection fees and charges incidental to grading, weighing and moisture analysis?
- A - DPMA will reimburse the vendor for only that portion of the inspection fees and incidental charges, applicable to the vats of cheese which were accepted.
37. Q - What happens if the set-aside cheese does not meet grade requirements?
- A - Cheese so graded by Federal inspectors would be released to the owner on the basis of an application to the Director, Attention the Administrator of the Order accompanied by grading certificates, provided that such application establishes the facts that the owner cannot dispose of such Undergrade set-aside cheese to any designated agency or authorized assembler and that he has not produced a quantity of cheese of a satisfactory grade to fulfill his set-aside requirement.
38. Q - What is the procedure for getting set-aside cheese released from the Order?
- A - If justifiable because of extreme and unreasonable hardship, factories may file a formal application with the Director, Attention the Administrator of the Order, setting forth all facts. In the case of Undergrade cheese, the Federal grading certificates must be submitted as evidence.
39. Q - Is it likely that any considerable portion of the set-aside cheese might be released by the Director because of lack of a buyer as provided in paragraph (b)(5) of the Order?
- A - No. The FDA stands ready to buy from factories or from authorized assemblers all of the set-aside cheese not sold to other designated agencies. ¹/₂ FDA has made arrangements with DPMA whereby DPMA will buy all set-aside cheese not sold to other designated agencies. Only a fraction of 1 percent of the set-aside cheese has been released for all reasons to date.
40. Q - Must persons covered by the Order submit reports?
- A - Yes. Both factories and authorized assemblers must submit monthly set-aside reports on forms provided for that purpose. A factory which is not required to set aside cheese because it has not produced more than 8,000 pounds of cheese in any month since January 1, 1942, need not file a set-aside report form. However, all plants producing manufactured dairy products are required to submit Dairy Products Report No. 1.
41. Q - If a factory sells or delivers either all of its cheese or its set-aside cheese to an authorized assembler, must both factory and assembler submit monthly reports?

A - Yes. Each manufacturer who is required by the Order to set aside cheese must file a set-aside report and each authorized assembler must file an authorized assembler's report. If a firm is both a manufacturer and an authorized assembler, it must file both reports.

42. Q - Who is required to make his books available for examination?

A - Any person who produces cheddar cheese must keep his books available for audit and must permit an inspection of his plant and receiving facilities.

43. Q - What price is DPMA paying for cheese?

A - DPMA is paying OPA ceiling prices for U. S. No. 1 cheese, including assembling allowance, adjustments for moisture, if applicable, and additional costs of export packaging and strapping up to certain amounts specified in the DPMA purchase announcements. DPMA is paying less for U. S. No. 2 and Under-grade cheese, in accordance with its announcements.

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Cop. 3

FDO 15-3

OCTOBER 14, 1943

WAR FOOD ADMINISTRATION

[FDO 15-3]

PART 1401—DAIRY PRODUCTS

REPORTS REQUIRED FROM CERTAIN PRODUCERS AND AUTHORIZED ASSEMBLERS OF CHEDDAR CHEESE

Pursuant to the authority vested in me by Food Distribution Order No. 15, issued by the Secretary of Agriculture on February 6, 1943, as amended (8 F.R. 1704, 5698), and to effectuate the purposes thereof, it is hereby ordered as follows:

§ 1401.4 *Reports*—(a) *Definitions*. Each term defined in Food Distribution Order No. 15, as amended, shall, when used herein, have the same meaning as set forth in said Food Distribution Order No. 15, as amended, unless otherwise distinctly expressed or manifestly incompatible with the intent hereof.

(b) *Reporting requirements*. (1) Each person who produced more than 8,000 pounds of Cheddar cheese during any of the calendar months from January 1942 to September 1943, inclusive, shall correctly complete form "Dairy Products Report No. 3—Cheese (Cheese Factory Set-aside Report)" for each of the calendar months of May to September 1943, inclusive, and shall mail such completed form to the United States Department of Agriculture, Box 6910-A, Chicago, Illinois, not later than October 15, 1943.

(2) Each person who is not an authorized cheese assembler and who has in his possession at any time during the calendar

month of October 1943, or any subsequent calendar month, any Cheddar cheese set aside pursuant to the provisions of Food Distribution Order No. 15, as amended, shall, until all such set-aside Cheddar cheese is delivered to agencies designated in, or pursuant to, § 1401.1 (a) (4) of said Food Distribution Order No. 15, as amended, correctly complete form "Dairy Products Report No. 3—Cheese (Cheese Factory Set-aside Report)," for each such calendar month and shall mail such completed form to the United States Department of Agriculture, Box 6910-A, Chicago, Illinois, on or before the 10th day of the next succeeding calendar month.

(3) Each authorized cheese assembler shall correctly complete form "Authorized Cheese Assembler's Report" for each of the calendar months from May to September 1943, inclusive, and shall mail such completed form to the United States Department of Agriculture, Box 6910-A, Chicago, Illinois, on or before October 20, 1943.

(4) Each authorized cheese assembler who has in his possession or receives at any time during October 1943, or any subsequent calendar month, any Cheddar cheese set aside pursuant to the provisions of Food Distribution Order No. 15, as amended, shall, until all such set-aside Cheddar cheese is delivered to agencies designated in, or pursuant to, § 1401.1 (a) (4) of said Food Distribution Order No. 15, as amended, correctly complete form "Authorized Cheese Assembler's Report" for each such calendar

month and shall mail such completed form to the United States Department of Agriculture, Box 6910-A, Chicago, Illinois, on or before the 15th day of the next succeeding calendar month.

(5) After the effective time of this order, each person who produces Cheddar cheese shall correctly complete form "Dairy Products Report No. 1" (USDA Form No. C. E. 9-119), for each calendar month and shall mail such completed form to the United States Department of Agriculture, Box 6910-A, Chicago, Illinois, on or before the 10th day of the next succeeding calendar month.

(c) *Exceptions*. No person referred to in (b) (1) or (b) (3) hereof shall be required to complete and mail the forms as required by (b) (1) or (b) (3) hereof for any month designated therein if such person shall have completed and mailed the required form for such month prior to the effective time of this order.

(d) *Bureau of the Budget approval*. The reporting requirements of this order have been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

(e) *Effective date*. This order shall become effective at 12:01 a. m., e. w. t., October 18, 1943.

(E.O. 9280, 7 F.R. 10179; E.O. 9332, 8 F.R. 3807; E.O. 9334, 8 F.R. 5423; FDO 15, 8 F.R. 1704, 5698)

Issued this 14th day of October 1943.

ROY F. HENDRICKSON,
Director of Food Distribution.

FDO 15-4

OCTOBER 29, 1943

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U.S. DEPT. OF AGRICULTURE

WAR FOOD ADMINISTRATION

[FDO 15-4]

PART 1401—DAIRY PRODUCTS

CHEDDAR CHEESE

Pursuant to the authority vested in the Director by Food Distribution Order No. 15, dated February 6, 1943, as amended (8 F.R. 5698), effective in accordance with the provisions of Executive Order No. 9280, dated December 5, 1942, and Executive Order No. 9322, dated March 26, 1943, as amended by Executive Order No. 9334, dated April

19, 1943, and in order to effectuate the purposes of the aforesaid orders, it is hereby ordered as follows:

§ 1401.5 *Percentages of cheddar cheese to be set aside*—(a) *Quantity*. Every person who is required to set aside cheddar cheese in November or December 1943 pursuant to the provisions of Food Distribution Order No. 15, as amended, shall set aside in each of the months of November and December 1943 in which he is required to set aside cheddar cheese, a quantity of cheddar cheese

equal to at least 25 percent of all cheddar cheese manufactured by him in each such month.

(b) *Effective date*. This order shall be effective on November 1, 1943, as of 12:01 a. m., e. w. t.

(E.O. 9280, 7 F.R. 10179; E.O. 9322, 8 F.R. 3807; E.O. 9334, 8 F.R. 5423; FDO 15, 8 F.R. 1704, 5698)

Issued this 29th day of October 1943.

ROY F. HENDRICKSON,
Director of Food Distribution.

Press Release Immediate:
Saturday, October 30, 1943.

During November and December, the months of seasonally lowest cheese output, manufacturers of cheddar cheese will be required to set aside only 25 percent of their monthly production for Government purchase, the War Food Administration said today. The set-aside quota for October is 50 percent of production.

Allocations of cheddar cheese to the Armed Forces, our Allies, and emergency war programs during the period October through December total slightly more than 95 million pounds, or about 50 million pounds more than the set-aside

program is expected to yield during the three months. The deficit will be made up from the "cheese bank" which was built up from the summer months of peak cheese output so that Government purchases could be lowered during the fall and winter months of low production. Cheddar cheese in cold storage on October 1 totalled about 180 million pounds. The bulk of this quantity is for U. S. Armed Forces and for shipment to our Allies, but the total includes some commercially held stocks.

Cheese to meet the requirements of war agencies is being purchased on a seasonal rather than current basis, Food Distribution Administration officials explained, to maintain on as stable a level as possible the flow of civilian supplies

of cheese. If the Government had to meet its commitments to the military services and to our Allies in the months October through December from production during this period, they pointed out, only about 40 million pounds of the cheddar cheese production would be available to civilians during the three months. With the bulk of Government requirements during these months being met from a reserve of cheese accumulated for this purpose during peak production however, civilians will have available about 30 million pounds each month, which is approximately the quantity they have been receiving during recent months.

Today's action is contained in Director Food Distribution Order No. 15.4.

DEC. 24, 1943

WAR FOOD ADMINISTRATION



[FDO 15-5]

PART 1401—DAIRY PRODUCTS

CHEDDAR CHEESE

Pursuant to the authority vested in the Director by Food Distribution Order No. 15, dated February 6, 1943, as amended (8 F.R. 5698), effective in accordance with the provisions of Executive Order No. 9280, dated December 5, 1942, and Executive Order No. 9322, dated March 26, 1943 as amended by Executive Order No. 9334, dated April 19, 1943, and as further amended by Executive Order No.

9392, dated October 28, 1943, and in order to effectuate the purposes of the aforesaid orders, it is hereby ordered as follows:

§ 1401.8 Percentages of cheddar cheese to be set aside—(a) Quantity. Every person who is required to set aside cheddar cheese in January or February 1944 pursuant to the provisions of Food Distribution Order No. 15, as amended, shall set aside in each of the months of January and February 1944 in which he is required to set aside cheddar cheese, a

quantity of cheddar cheese equal to at least 30 percent of all cheddar cheese manufactured by him in each such month.

(b) Effective date. This order shall be effective on January 1, 1944, as of 12:01 a. m., e. w. t.

(E.O. 9280, 7 F.R. 10179; E.O. 9322, 8 F.R. 3807; E.O. 9334, 8 F.R. 5423; E.O. 9392, 8 F.R. 14783; FDO 15, 8 F.R. 1704, 5698)

Issued this 24th day of December 1943.

ROY F. HENDRICKSON,
Director of Food Distribution.

War Food Administration. Summary to FDO 15.5.

With production of cheddar cheese expected to begin its seasonal upswing in January and February, manufacturers will be required to set aside 30 percent of their output during these two months to meet essential war requirements, the War Food Administration said today. The set aside percentage for November and December, the months when cheese output is normally lowest, was 25 percent of production—the smallest required since the set aside program was initiated last February.

Under the new set aside percentage, the civilian share will be about 30 million pounds a month, or approximately the same quantity as they have been receiving. In addition to cheddar cheese, civilians receive almost all of the other types of cheese produced, bringing their total supply to about 45 million pounds a month.

Cheddar cheese is especially valuable for use by our armed forces and for export to our allies, U. S. territories, the Red Cross, and other war claimants, Food Distribution Administration officials explained, because of its concentrated nu-

tritional value and because it ships well under difficult wartime transportation conditions.

These war claimants will need almost three times as much cheddar cheese during January and February as will be provided by the set aside order during these months. The difference between actual war needs and current procurement will be obtained from the supply built up during the summer months of peak cheese output. This reserve was accumulated so that Government purchases could be reduced substantially during the winter months of low production.

The Government purchases cheese to meet war requirements on a seasonal rather than current basis, FDA officials explained, to help assure civilians an even supply month in and month out. If the Government purchased only enough cheese each month to fill that month's war requirements, they pointed out, civilians would have available relatively large quantities in the spring and summer, but practically none in some of the winter months when production is seasonally low. The chart below, giving estimated production from February

through December 1943 and the amounts required to be set aside for war needs, shows how the civilian share has remained fairly constant each month.

CHEDDAR CHEESE

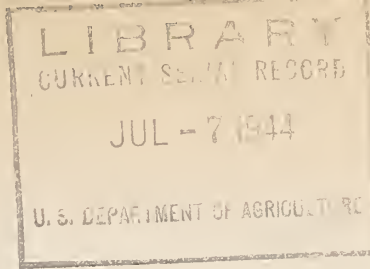
Year and month	Estimated production	Percent set-aside	Estimated set-aside quantities	Estimated quantities available for civilians ¹
1943	(mil./lb.)		(mil./lb.)	(mil./lb.)
February	47	2 50	2 11	36
March	58	50	27	31
April	67	50	32	35
May	88	70	59	29
June	98	70	65	33
July	87	70	58	29
August	77	60	44	33
September	66	60	38	28
October	55	50	26	29
November ²	40	25	10	30
December ³	39	25	9	30

¹ Order applies only to manufacturers who have produced or hereafter produces more than 8,000 pounds of Cheddar cheese in any month since 1942; total output from some small plants goes to civilian consumers. Also, almost entire production of all other types of cheese.

² Order effective Feb. 15, 1943.

³ Preliminary estimates.

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FDO 15-6

FEB. 22, 1944

WAR FOOD ADMINISTRATION

[FDO 15-6]

PART 1401—DAIRY PRODUCTS

CHEDDAR CHEESE

Pursuant to the authority vested in me by Food Distribution Order No. 15 (8 F.R. 1704), issued on February 6, 1943, as amended, and to effectuate the purposes of such order, as amended, it is hereby ordered as follows:

§ 1401.18 *Percentages of Cheddar cheese to be set aside in March and April 1944*—(a) *Definitions*. When used in this order, unless otherwise distinctly

expressed or manifestly incompatible with the intent hereof:

(1) Each term defined in Food Distribution Order No. 15, as amended, shall, when used herein, have the same meaning as set forth for such term in Food Distribution Order No. 15, as amended.

(2) The term "FDO 15" means Food Distribution Order No. 15, issued on February 6, 1943, as amended.

(b) *Percentages*. Each person who is required by FDO 15 to set aside Cheddar cheese during March or April 1944 shall set aside in each of the said months, in which he is required to set aside Cheddar cheese, a quantity of Cheddar cheese

equal at least to the following percentages of all Cheddar cheese produced by him in the respective months: (1) In March, 45 percent; and (2) in April, 55 percent.

(c) *Effective date*. This order shall become effective at 12:01 a. m., e. w. t., March 1, 1944.

(E.O. 9280, 7 F.R. 10179; E.O. 9322, 8 F.R. 3807; E.O. 9334, 8 F.R. 5423; E.O. 9392, 8 F.R. 14783; FDO 15, as amended, 8 F.R. 1704, 5698)

Issued this 22d day of February 1944.

LEE MARSHALL,
Director of Food Distribution.

War Food Administration,
Food Distribution Order 15-6.

The War Food Administration said that manufacturers of cheddar cheese would be required to set aside a larger percentage of cheddar cheese during March and April, but that the quantity available for civilians is expected to be the same as they have been receiving during recent months.

The set aside quotas on March and April cheddar production will be 45 percent and 55 percent, respectively. The

quota during January and February was set at 30 percent. The quantity of cheddar cheese available for civilians is estimated at approximately 30 million pounds a month for all four months.

The new set aside percentages reflect an expected seasonal increase in cheddar cheese production and are in accordance with the WFA's policy of obtaining the bulk of government cheese requirements for the year during the months when production is normally highest. Under such a system of pur-

chase, civilian supplies can be fairly constant each month and need not vary widely with fluctuating production and monthly war needs.

War needs during March and April are expected to be greater than the quantity of cheese that will be obtained under the set aside program during those two months. The difference between current requirements and procurement will be made up from the supply built up during the summer months of peak cheese output last year.

WAR FOOD ADMINISTRATION
OFFICE OF DISTRIBUTION
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SYNOPSIS FOR USE IN MAKING ACCOUNTING INVESTIGATIONS APR 12 1944

APRIL 1, 1944

FOOD DISTRIBUTION ORDER 15 - CHEDDAR CHEESE

U. S. DEPARTMENT OF AGRICULTURE

The auditor should familiarize himself with the following orders, regulations, and amendments:

	<u>Issued</u>	<u>Effective</u>
FDO 15	February 6, 1943	February 15, 1943
FDO 15 - Amendment 1	April 30, 1943	May 1, 1943
FDO 15 - Amendment 2	February 17, 1944	March 1, 1944
FDO 15-1	April 30, 1943	May 1, 1943
FDO 15-2	July 19, 1943	August 1, 1943
FDO 15-3	October 14, 1943	October 18, 1943
FDO 15-4	October 29, 1943	November 1, 1943
FDO 15-5	December 24, 1943	January 1, 1944
FDO 15-6	February 22, 1944	March 1, 1944
FDR 2	June 4, 1943	June 15, 1943
Reg. 2 - Amendment 2	November 15, 1943	November 15, 1943
FDR 3	October 8, 1943	November 15, 1943
Reg. 3 - Amendment 1	November 15, 1943	December 1, 1943
Reg. 3-1	January 8, 1944	January 1, 1944

Authority for Making the Audit (FDO 15, Sec. 1401.1 (d).)

"Every person subject to this order shall permit inspections of his stocks of cheese, including but not being limited to Cheddar cheese, and premises used for the manufacture, assembly, or storage of cheese, including but not being limited to Cheddar cheese, and of his books, records, and accounts by the Director or any person designated by him."

Objectives of the Audit

To ascertain whether and to what extent the audit subject has complied with provisions of the order requiring the subject:

- (1) To set aside for purchase by approved government agencies specified monthly percentages of his production of Cheddar cheese and all authorized receipts of set-aside Cheddar cheese. (FDO 15, Sec. 1401.1 (b).)

(a) Those subject to order:

- (i) Producers - Any producer of more than 8,000 pounds of Cheddar cheese in any calendar month during period from January 1942 through February 1944 or who produces more than 8,000 pounds of Cheddar cheese in any subsequent calendar month. (FDO 15, Amendment 2, Sec. 1401.1 (a) (1, 2).) Note that,

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having once come within the set-aside provisions of the order, set-aside obligation continues "regardless of the quantity of Cheddar cheese produced by such person in any month subsequent to the one, as aforesaid, in which he produced more than 8,000 pounds of Cheddar cheese." (FDO 15, Amendment 2, Sec. 1401.1 (b)(1, 2).)

(ii) Cheese assemblers

(aa) Note required qualifications for all authorized cheese assemblers who alone may legally receive and sell shipments of cheese set-aside by producers who do not dispose of their set-aside production directly to approved government agencies. (FDO 15, (a)(3, 4), (b)(2, 4); (FDO 15, Amendment 2, (b)(5, 6, 8, 9, 10).)

(bb) If subsidiaries sell such set-aside cheese in the name of the parent company, one letter of authorization will be sufficient. However, if subsidiaries are to handle and sell set-aside cheese in their own names, separate authorizations must be obtained by each. (Questions and Answers on Cheese - FDO 15, February 1943, p. 5).

(cc) Failure of an authorized assembler to make prompt sale and delivery may be considered basis for not renewing his authorization to handle set-aside cheese. (Questions and Answers on Cheese - FDO 15, August 1943, P. 5).

(dd) Sales between authorized cheese assemblers: Note that one authorized cheese assembler is not permitted to sell set-aside Cheddar cheese to another authorized cheese assembler unless the authorized cheese assembler to whom the cheese is to be delivered has first applied to the Director and received from him specific authorization for such receipt of cheese. (FDO 15, Amendment 1, (b)(2).)

(ee) It is the responsibility of the authorized assembler to determine promptly and accurately the classification of cheese receipts and to state correctly such classification in required reports. Failure to do so is in violation of the order. If cheese factories have not handled their set-aside certificates properly, assemblers should instruct their shippers regarding any irregularities and take appropriate steps to correct them. (Letter of T. G. Stitts, Chief, Dairy and Poultry Branch, and J. M. Mehl, Chief, Compliance Branch, October 25, 1943).

(ff) Note the extended responsibilities of the authorized cheese assembler under FDO 15, Amendment 2, Sec. 1401.1 (b)(6, 7, 8, 9, 10).

(gg) New authorizations - Cheese assemblers' authorizations under the original order were terminated February 29, 1944. New letters of authorization should be on file after that date.

(b) The required percentages of production to be set aside:

1943 - Feb., March, April.....	50%	(See Note A)
- May, June, July.....	70%	(See Note B)
- Aug., Sept.....	60%	(See Note C)
- Oct.....	50%	(See Note C)
- Nov., Dec.....	25%	(See Note D)
1944 - Jan., Feb.....	30%	(See Note E)
- March.....	45%	(See Note F)
- April.....	55%	(See Note F)

Note A - See provisions of original order, FDO 15, Sec. 1401.1 (b)(1).

Note B - FDO 15, Amendment 1, Sec. 1401.1 (b)(1); and FDO 15-1, Sec. 1401.2 (a).

Note C - FDO 15-2, Sec. 1401.3 (a).

Note D - FDO 15-4, Sec. 1401.5 (a).

Note E - FDO 15-5, Sec. 1401.8 (a).

Note F - FDO 15-6, Sec. 1401.18 (b).

(c) Limitation on processing Cheddar cheese

Note in FDO 15, Amendment 2, Sec. 1401.1 (b)(7), the stated ratio of 95 pounds of Cheddar cheese for each 100 pounds of process cheese that may be delivered against set-aside obligations, under executed contracts.

- (2) To limit sales for civilian use to Cheddar cheese not required to be set aside or to Cheddar cheese authorized for release from set-aside restrictions.

(a) Authorized releases of cheese

The original order included a provision (FDO 15 (b)(5)) that any cheese would be released from the set-aside restrictions if, within 30 days after the end of the month in which such cheese was required to be set aside, no approved government agency (as specified in FDO 15 (b)(1)) had contracted for such cheese or indicated an intention or desire to contract for it. This provision was eliminated in FDO 15, Amendment 1, effective May 1, 1943. The provision continues under which the Director may release such cheese on his determination that it is not required to meet the needs of such designated agencies. (FDO 15, Amendment 1, (b)(5); Amendment 2 (b)(11).)

However, the Food Distribution Administration stands ready to buy, through the Dairy Products Marketing Association, Inc., all set-aside cheese that is not sold to other designated agencies. (Questions and Answers on FDO-15 - Cheese, February 1943, p. 4; August 1943, pp. 6, 8).

- (b) Note also the ruling under which the Administrator may release from set-aside restrictions a quantity of cheese that does not meet grade requirements. Application must be made to the Director, accompanied by grading certificates from Federal inspectors. The application must establish the facts that the owner cannot dispose of such undergrade set-aside cheese to any designated agency or authorized assembler and that he has not produced a quantity of cheese of a satisfactory grade to fulfill his set-aside requirements. (Revised Questions and Answers on Cheese - FDO 15, August 1943, p. 8.)

(c) Between-period credits for excess sales

In the original order and in later amendments, no provision was made to permit crediting against set-aside obligations of a subsequent period sales of Cheddar cheese made to designated government agencies in excess of current set-aside obligations. A flat statement that sales of more than the minimum will not apply against future months' quotas appears on page 3 of Questions and Answers on Cheese - FDO 15 of February 1943. A similar denial appears on page 4 of Revised Questions and Answers on Cheese - FDO 15 of August 1943. However, in Amendment 2 of FDO 15, effective March 1, 1944 (Sec. 1401.1 (b)(4)) is a permissive provision whereby the Director may approve such credits against a subsequent month to be specified by him, in case of such sales over minimum obligations if determined to be "necessary or appropriate in the public interest and to promote the national defense."

(3) To conserve properly the required set-aside inventories.

Note - See qualifications for an authorized cheese assembler and his obligation to store set-aside cheese, (FDO 15, Section 1401.1 (a)(3), (b)(3); FDO 15, Amendment 2, Sec. 1401.1, (b)(6,9).)

(4) To maintain his inventory of set-aside Cheddar cheese within the total quantity set aside that month and during the preceding month. (This provision was introduced under FDO 15, Amendment 2, Sec. 1401.1 (b)(10), first effective March 1, 1944. The intention is to force assemblers' inventories of set-aside cheese toward users.

(5) To make required reports and maintain supporting records. (FDO 15, Sec. 1401.1 (c); FDO 15, Amendment 2, Sec. 1401.1 (b) (9v, 10).)

(a) See reporting details in FDO 15-3, Sec. 1401.4

(b) Note requirement that authorized cheese assemblers are to maintain physical inventories of set-aside Cheddar cheese equal to their obligations. (FDO 15, Amendment 2, Sec. 1401.1 (b)(10), effective March 1, 1944).

(6) To make, if an authorized cheese assembler, certain payments of 3.8 cents per pound of Cheddar cheese and process Cheddar cheese to the Commodity Credit Corporation, on sales to certain designated government agencies. (FDO 15, Amendment 2, Sec. 1401.1 (b)(8, 9v).)

- (7) To obtain and preserve certificates of specified form, properly executed and signed, to confirm purchases of set-aside Cheddar cheese from cheese producers and some types of sales to designated agencies. Approved sales may be made as follows:

(a) By a cheese producer to an authorized cheese assembler, supported by certificates. (For form of certificate, see FDO 15, Sec. 1401.1 (b)(2) and FDO 15, Amendment 2, Sec. 1401.1 (b)(5).) Note the authorized cheese assembler's responsibility for obtaining certificates as described earlier in this outline under "Those subject to order-cheese assemblers."

(b) By a cheese producer or an authorized cheese assembler to the following designated government agencies. (No certificates are required for such sales; but an authorized assembler must protect himself by maintaining a complete file of purchase orders or other authorizations from the agencies buying, as well as sales records.)

(i) The Food Distribution Administration (Office of Distribution), including the Federal Surplus Commodities Corporation (FDO 15, Sec. 1401.1 (b)(1).)

(ii) The Dairy Products Marketing Association, Inc. (FDO 15, Amendment 1, Sec. 1401.1 (b)(4).)

(iii) "The Armed Services of the United States" (Army, Navy, Marine Corps, Coast Guard. FDO 15, Sec. 1401.1 (b)(1); Amendment 1 (a)(4); Amendment 2(a)(5).)

Note - That Amendment 2, effective March 1, 1944 introduces the restriction "excluding, for the purposes of this order, United States Army Post Exchanges, United States Navy Ship's Service Departments, and United States Marine Corps Post Exchanges."

(iv) The War Shipping Administration (FDO 15, Amendment 1, Sec. 1401.1 (a)(4).)

(v) The Veterans Administration (FDO 15, Amendment 1, Sec. 1401.1 (a)(4).)

(c) By a cheese producer or an authorized cheese assembler to the following types of business enterprise, selling Cheddar cheese as a "set-aside food" under provisions of F. D. Regulations 2 and 3:

(i) To a contract school. Note the requirement for a written order or contract containing properly signed certificates in the form specified by the regulations. (FDR 2, Sec. 1598.1 (b, c, f) and its Amendments 1 and 2).

(ii) To a ship operator. Note the required form of certificate in FDR 2, Sec. 1598.1 (d, e, f). This provision was supplanted by the licensing arrangements for ship suppliers. (FDR 3, effective November 15, 1943).

(iii) To a licensed ship supplier. Note the required form of certificate to be supplied to vendor. (FDR 3, Sec. 1598.7 (f, i) effective November 15, 1943.)

Scope of the Audit

In the case of a cheese producer, the audit should be extended to cover the production of Cheddar cheese from the utilization of raw material to the actual production and distribution. When auditing an authorized cheese assembler, the verification of receipts should include "free" as well as "set-aside" Cheddar cheese, although certificates accompany only shipments containing set-aside cheese. Sound auditing principles should be applied in proving the production, the amount set aside, the sale to approved government agencies, and other accounting proof. This would include the proper verification or reconciliation of such transactions with the general books. Special attention should also be given to the inventory verification, assuring that the stock on hand

- (1) will cover residual set-aside obligations,
- (2) properly accounts for any consigned cheese on hand for paraffining etc.,
- (3) includes Cheddar cheese not in subject's own storage.
- (4) grades to F. D. A. minimum quality. (See FDO 15, Amendment 2, Sec. 1401.1 (b)(6, 9).)
- (5) is in satisfactory storage,
- (6) tests to the alleged types and stated quantities shown on packages.

Special Notes on Set-Aside Obligations

The required percentage of set-aside Cheddar cheese from production need not be applied to each day's production of a cheese producer but only to the monthly overall production. A concern operating more than one plant need not set aside the required percentage of each plant's production but may set aside the required percentage of the combined output of its plants without respect to where the cheese is produced. A producer may even meet his set-aside requirements by purchasing from another firm "free" cheese of the required quality. (Revised Questions and Answers on Cheese-FDO 15, p. 3, August 1943).

Note the requirement that, in event of a change of ownership of a cheese factory, the production record of the former owner with respect to such factory is to be the basis for reporting and setting aside Cheddar cheese by the new owner. (FDO 15, Amendment 1, Sec. 1401.1 (b)(1); Amendment 2 (b)(3).)

FDO 92

The auditor should be familiar with the general nature of Food Distribution Order 92 which.

- (1) set quotas for manufacture of cheese and cheese products, based on quarterly production in 1942. The 1944 production starting February 1 shall not exceed a pound for pound basis.
- (2) covers production of all cheese other than Cheddar, cottage, pot and bakers cheese.